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FT Weekend tomorrow How high society has lost its appeal for the self-made man



Lessons of Rwanda From genocide to democracy Page 4

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Data protection Protecting our secrets from the marketing men Page 12

France Telecom Michel Bon on his new corporate culture Interview, Page 10

WORLD NEWS

Caribbean banana exporters urge EU to honour deal

Caribbean banana exporters, at the centre of the trade dispute between the US and the EU, say they hope Europe will continue to honour its "legal obligations" and will not dismantle preferential banana import arrangements because of pressure from Washington. The exporters maintain that the Lome Convention treaty commits the EU to maintaining World Trade, Page 6

Greenspan Intervenes in row Alan Greenspan, chairman of the US Federal Reserve, has intervened in the controversial carnpaign to limit US community lending laws, which has divided Democrats and Republicans. Americas, Page 7

IMF denies That U-turn The International Monetary Fund denied doing a policy U-turn in allowing Thailand to swing away from an austerity programme into deficit spending. Asia-Pacific,

WTO takes India to task The World Trade Organisation has ruled that India can no longer reasonably cite balance-ofpayments problems as an excusa for import restrictions. World Trade, Page 6

Call for extra Japanese help-Japan's opposition leader urged the government to introduce a supplementary budget to ensure that growth is sustainable amid economic restructuring. Asta-Pacitic, Page 8

Brazillan probe into judiciary The Brazilian Senate launched an investigation into corruption in the judicial system and an inquiry into the banking sector. Americas, Page 7.

Talks on UK withholding tax City of London bankers and trade associations met the UK sible compromise that would exempt international bonds from the European Commission's plans for an EU-wide withholding tax on income from savings and investments. Europe, Page 3

agaly into television exports The UK government launched an inquiry into sales of British televinon programmes overseas after a report highlighted the difficulties of export sales amid a widening television trade deficit. Britain, Page 9

'Red tape' hampering trade Six out of 10 western companies experience difficulties with customs "red tape", which hampers trade with central and eastern Europe. World Trade, Page 6

Alrikos sues pilots over strike beria, the Spanish airline, is to seek Pta4bn (€24m, \$26m) compensation from its pliots' union for costs incurred by strike action over the Easter holiday period. Europe, Page 3

taliers face competition probe The UK government's fair trade watchdog said it was concerned about potential exploitative practices and a lack of competition in the UK grocery retalling sector, as it referred the industry to the Competition Commission. Britain, Page 8

BUSINESS NEWS

Gucci rejects \$8.7bn offer from LVMH

Gucci, Italian fashion company, rejected an offer of \$85 a share from LVMH, the French luxury goods group, saying conditions attached to the bid were unacceptable. Companies and markets, Page 15; Lex, Page 18

Volkswagen, Europe's largest carmaker, appeared to be eyeing a major acquisition after asking shareholders to approve an increase in its authorised capital by 40 per cent. Europe companies, Page 16

Canal Plus, French pay television company, has offered to acquire the satellite subscribers of Stream, rival to its Italian Telepiu service, in a deal thought to be worth \$110m. International companies, page 19

Cap Gemini, Europe's biggest information technology services group, is paying \$200m for Beachwood, a US computer services company serving the north American telecommunications market. International companies, page 19

Humana, US health management organisation, suffered a fail in shares of more than 30 per cent in early trading after it announced a drastic increase in medical costs. Compenies and markets, Page 15

Cadbury Schweppes, UK confectionery and beverage group, is confident its planned \$1.85bn sale of soft drink brands outside the US to Coca-Cola will proceed despite objections from Australia's competition watchdog. Asia-Pacific companies,

Philips, Dutch electronics group, could make a higher offer for VLSI Technology, Silicon Valley chip-maker, after reaching a standstill agreement on its recent hostile bid. American compa-

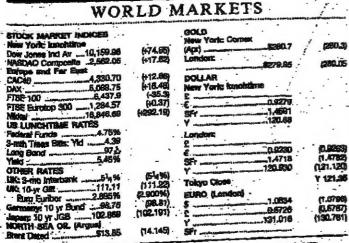
group locked in a takeover battle for Japanese International telecome carrier IDC with NIT, Japan's telecoms giant, could raise its offer if IDC directors do not recommend its bid at a board meeting next week. Companies and markets, Page 15

Dickson Concepts, Hong Kong owner of London's upmarket. retailer Harvey Nichols and ST Dupont of France, is to move its foreign assets into a private com-HK\$1,53bn (\$197m), Asia-Pacific

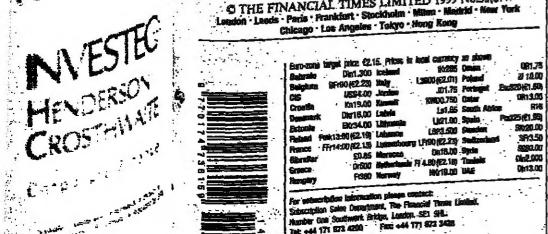
seeking to expand rapidly in Europe following a controversial panies, page 17

largest oil company, announced plans to sell up to NKr2bn in its appeal to potential pariners. Europe companies, Page 16

Lex on Gucci Shifting sands



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CENTRAL BANK PRESIDENT SEEKS TO STIMULATE ECONOMIC GROWTH IN EUROPE ECB makes surprise

By Tony Barber in Frankfurt and Alan Beattle in London

The European Central Bank last

night cut its benchmark interest

would stimulate economic

growth at a time when business

there would not be any incremen-

tal moves from now on. It was

"an unexpectedly large fall," he

avoid further market speculation.

signal to politicians. "We hope

our goal to [get governments to]

half-point cut in

Cable and Wireless, LIK telecoms

companies, Page 18

Sol Melia, Spanish hotel group, is restructuring, international com-

Saga Petroleum, Norway's third seets and frim costs to increase

rate by a bigger than expected half a percentage point. The cut was the ECB's first such move since the euro's launch at the start of this year and brought the main refinancing rate for the 11-nation eurozone down to 2.5 per cent from 3 per cent. Rarlier in the day, the Bank of England cut Britain's main interest rate by 0.25 percentage points to 5.25 per cent. The ECB's president, Wim Duisenberg, said the bank's move

be given a new incentive from the measures taken today. If they don't do that, monetary policy is

no alternative," he warned.

The euro swung wildly in the confidence was low and the eurozone's leading economies had been suffering from the impact of immediate aftermath of the recession and financial turmoil in announcement, rising by half a Japan, south-east Asia, Russia cent against the dollar and then falling rapidly below \$1.08. He said the cut was meant to "The effect of timing announce-

take observers by surprise, but ments in this way is a lot of noise in the exchange rate," said Tony Norfield, treasury economist at ABN-Amro in London. "It is very conceded. "But we want to add - silly for the BCB to announce it from 2 per cent.

this is it." It was undertaken to like this." Mr Duisenberg said yesterday the bank would make The cut was also meant as a future announcements earlier in the day.

Mr Norfield said that in the pursue a restructuring policy will longer term, the market's convic- Correncies, Page 27

had now troughed should put a floor under the euro and prevent it falling towards the one-for-one level against the dollar. But with heavy resistance against the euro climbing higher, it was likely to remain around its current level in the near future, he said.
The ECB's decision is likely to

be welcomed in the US, where officials had been hoping for a European interest rate cut as a contribution to stimulating the world economy.

The ECB announced its rate cut on the same day that newly released figures showed continu-ing weakness in the German economy, which accounts for one third of the euro-zone's output.

Immediately after the ECB's move, the Swiss National Bank cut its main discount rate to 0.5 per cent from 1 per cent. The ECB also reduced its marginal lending facility rate, at which commercial banks borrow funds at the ECB, to 3.5 per cent from 4.5 per cent and its deposit rate, at which banks place excess funds at the ECB, to 1.5 per cent

Bond markets reaction, Page 3 Editorial Comment, Page 13 The ogra smiles, Page 13



Zhu Rongji and US president Bill Clinton attending ceremonies at the White House to mark the Chinese premier's visit to the US as trade officiets sought te a bilisteral market access deal to pave the way for China's entry

Nato to target Serb 'propaganda' media

Natur said yesterday it planned to destroy Yugoslav, television and radio facilities, calling them President Siobodan Milosevic's "instrument of propaganda", It is to press ahead with its attacks in spite of the arrival in Beigrade of a Cypriot mediator seeking the release of three captured US

In what will be the first sizeable move of allied troops to the region since the conflict began last month, Nato also said it was about to launch Operation Allied: Harbour to help Albania cope

tion of more than 300,000. Fourinvolve 8.000 soldiers and a mobile headquarters.

Nato stressed the operation was purely humanitarian but there was speculation yesterday that the soldiers could later form part of the planned Nato-led security force to protect refugees returning to Kosovo.

The fate of the mission by Spyros Kyprianou, the acting Cypriot president, to free the US centives was unclear last night. Responding to what he said was

with its Kosovo refugee popula- a Yugoslav initiative, Mr Kypri- spokesmen confirmed that Yugo- networks are on Nato's list of taranou arrived in Belgrade vesterteen Nato countries will take part 'day hoping to take the US sol fions were now considered main in the operation, which will diers back to Cyprus with him the same day. However. Belgrade sources said

> Mr Milosevic might meet Mr Kyprianou today, but would not free the Americans. Ruling out any bargaining to get his men back, Mr Cohen said: "We are not going to let Mr Mil-

osevic use these soldiers . . . to cause any cessation of hostili-

Nato has targeted one or two tv transmitters over the past two weeks. But yesterday, alliance

slav television and radio installatargets since the state broadcaster had been used as an "instrument of propaganda and repression". Serb police have closed all independent Serb broadcasters and sacked the offices of the Albanian language newspaper in Kosovo.

Nato officials in Brussels Confirmation that tv and radio

suggested Mr Milosavic could avert attacks on his broadcast media by agreeing to carry six hours of international programmes a day. This is unlikely.

western news organisations with journalists still based in Belgrade. Some use Yugoslav facili-

gets caused consternation among

Nato military command said improving weather was allowing it both to continue intensifying its air attacks, and to hit more Serbian ground forces in Kosovo. Reporting by David Buchan in London, Neil Buckley in Brussels and John Thornhill in Moscow.

Observer, Page 13

S Korea watchdog to investigate Hyundai

South Korea's financial watchdog agency is to investigate the Hyundai group for allegedly manipulating the share price of Hyundai Electronics, in the first such probe involving one of the The Financial Supervisory

Service, or FSS, alleged yesterday that Hyundal Heavy Industries and Hyundai Merchant Marine spent a total of Won220bn (\$180m) last year to boost the share price of Hyundai Electronics in an effort related to its proposed merger with LG Semicon, another hig Korean producer of

Officials suggested that Hyundat had wanted to improve the financial attractiveness of Hyundei Electronics to influence an official decision on whether it or LC Semicon should have majority control of the merged group. The state-sponsored merger of the two debt-heavy chipmakers was intended to reduce overcapacity in the sector. Hyundal was selected in December to lead the new company.

The FSS said the share price of Hyundai Electronics climbed from Won14,000 in the first half of 1996 to Won32,000 in the second half. It closed at Won25,900

on Wednesday. Share prices for 16 of Hyundai's 21 listed subsid-taries fell yesterday after the FSS investigation was announced.

If state prosecutors decide to act on the FSS allegations, minority investors might file suit against Hyundai Heavy Industries, which has become a target of Korea's main shareholder activist group. It claims that profitable Hyun

dai Heavy, Korea's biggest shipbuilder, is subsidising weak units of the Hyundai group - including Hyundai Electronics - at the expense of shareholders. Hyundai denied that its pur

chase of Hyundai Electronics shares was related to its takeover of LG Semicon. It said the action reflected an investment "in a then-undervalued company". Hyundel also pointed out that most of the shares were bought last summer before Hyundai and

LG agreed to merge their semiconductor units in September. Analysts said Hyundai's action might be related to an effort by all leading conglomerates to strengthen cross-holdings among subsidiaries and protect them against takeover bids after the government last year eased rules on mergers and acquisitions.

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European Union foreign ministers vesterday pledged plan for the countries of south-east Europe aimed at bringing lasting peace and

prosperity to the region. The plan, agreed at a specially convened meeting in Luxembourg, put a strong emphasis on the long-term goal of EU and Nato membership for all countries in

Joschka Fischer, the German foreign minister, said it was a commitment "on behalf of us all" that the Europe of wars and ethnic hatred was something of the

"We are looking forward had not been located. to a Europe of stability. including the Balkan countries, which have to be part and parcel of Europe's

A German statement, warmly endorsed by the

'Such

deportations are something that was done in the

second world war'

other member states, said long-term stabilisation in the region involved a "clear and repeated commitment on the part of the EU that the countries in the region have a the time of accession cannot

yet be determined." It also held out the prospact of eventual Nato membership for Balkan countries as "one of the most important incentives for reform for the countries of southeastern Europe".

the United Nations High in the last 50 years people Commissioner for Refugees, said yesterday that her chief concern was not for ethnic finance ministry has esti-Albanian Kosovars in refu- mated the cost to the governgee camps but for those still

in Kosovo. as aid workers continued to hear stories of atrocities from refugees who had left Kosovo for neighbouring countries. She said she could disturbing recent claims added that if it were true she gest possible terms.

sed concern about the whereabouts of several thousand refugees who were among those camping in no man's land at Blace, on the Kosovo-Macedonian border, before a round-up by the Macedonian authorities

early on Wednesday.

Nicholas Morris, the UNHCR's special envoy for the former Yugoslavia, said that of an estimated 60,000-70,000 refugees at Blace, 50,000-55,000 had been taken to a nearby Nato camp or to Albania and other host countries. But he said he understood that others had been turned around and sent back to Kosovo, "Of course we have the greatest concern for people who were expelled into Kosovo." By late yesterday, the missing refugees

Mrs Ogata was due to visit Macedonia today and was expected to raise the issue of Macedonia's treatment of refugees with the government in Skopje.

Earlier in Skopje, officials of the Macedonian government said no refugees were affairs, of giving out "disin-

In a further sign of the growing gulf between Macedonia and international organisations. Tikhomir Ilievski, a senior official at the Macedonian foreign ministry, told BBC television on Wednesday night the air strikes by Nato had provoked the refugee influx towards Macedonia.

Mrs Ogata said operations prospect of acceding, even if in refugee camps in Albania and Macedonia were now going well. She defended ber staff against criticisms that UNHCR had reacted too slowly to the crisis saying nobody had predicted the scale of the expulsion. "Such deportations are something had learnt better."

Meanwhile, the Albanian \$220m, including \$130m in "I am sure their situation extra costs to care for refuis dire," she said, speaking gees and some \$90m in lost tax revenues due to the disruption of normal commercial life. The estimate is based on 415,000 refugees staying in Albania until the not verify one of the more year-end, compared with about 300,000 now in the that ethnic Albanians in country, including 600 who Kosovo were being used as arrived yesterday from Monhuman shields. But she tenegro. Western diplomats said the financial figure condemned it in the stron- seemed high, but donor countries would help.

> adopting Anglo-American governance standards as

their businesses became more global. This included

greater disclosure about

Obvious examples were

have merged or taken over

provided by companies that

Reynolds. "DaimierChrysler

knows it has to perform to

enough."

boards and

None of the authorities in

the Netherlands, Spain, Swe-

companies to provide infor-

a great deal of interest in the US and UK.

The little information dis-

closed about non-executive

directors revealed big dis-

crepancies in average pay levels. In Spain and Ger-

many, annual fees of more

Milosevic's regime 'beginning to break'

Alain Richard, French lefence minister, said yesterday the regime of Slobodan Milosevic, the Yugoslav president, was "beginning to break" under the weight of the Nato air offensive.

The alliance kept up the pace of its attacks, with 400 sorties flown by aircraft in the 24 hours to yesterday afternoon. It said improving weather was allowing it to hit more Serbian forces in Kosovo. Nato published photographs of a military convov and tanks destroyed on the ground.

Yugoslav television and radio facilities were added to Nato's targets on the grounds they were being used as an "instrument of propaganda and repression". Nato officials said Mr Milosevic could avert attacks on his broadcast media by carrying six hours of uncensored western news broadcasts a day.

Jean-Pierre Kelche, head of the French joint chiefs of staff, said the number of Serb targets attacked had increased to over 140 from 50 to 60 in the

Polls show rise in public support for ground troops hardening people's attitudes,

reports the paper. However,

the poll suggests that the support for ground forces

would decrease sharply if

The latest New York

supporting President Bill

Clinton's policy in Kosovo

but there is caution about

the commitment of ground

opposed the use of ground

troops (48 per cent) than

those supporting the idea

A USA Today poll on the

Kosovo involvement carried

favour of US participation in

out this week shows that

while the majority are in

(46 per cent).

troops. More said they

a majority 52 per cent

Times/CBS News poll shows

there were American

Public support for the use of ground troops in the Kosovo according to opinion polis conducted in the US and Europe, writes Helen

Bennett from London. Results of a Washington Post/ABC News poll reported vesterday suggest that a majority of Americans think the US should use dilosevic from power".

Nearly six in ten (57 per cent) said they would favour the use of US and allied ground troops to end the conflict in Kosovo if the on-going air campaign fails to force Milosevic to the peace table.

the plight of the refugees is

Kelche told a press confer-

ence the attacks had eroded

Belgrade's capacity to sus-

tain its military machine.

Air defences had been seri-

ously weakened. Missile

systems still operative were

being activated at the last

moment to avoid detection.

reducing their ability to be

Among targets hit on Wednesday night was a government building in central Belgrade, which Yugoslav army officials said had been empty for a year and had not been used by the military for over three years. Lieutenant-Colonel Branko Vasilijevic said the building had been

put up for sale by the Ser-

those supporting and opposing the deployment of ground troops are just neck and neck at 47 per cent. However, this is an increase in support since the last poll In the UK, a Sunday Times

the crisis (58 per cent).

poll reported this week showed a majority (66 per cent) in support of sending in soldiers as part of a Nato force. Public backing for the Nato air strikes is now 75 per cent, compared with 69 per cent a week ago. In France, the newspape

Le Journal du Dimanche found this week that a majority of respondents (58 per cent) backed the introduction of French ground troops in Kosovo.

hian government.

Reporters allowed to wander around its ruins saw that one or more missiles had sheared through several storeys and exploded in the basement below a courtyard inside the complex. The rooms that reporters could reach were bare, with windows and doors blown out. and damaged ceilings in a nearby hospital for cerebral

Nato denied, however, that it had caused the extensive damage to civilian buildings in Pristina, the Kosovo capital, shown on television on Wednesday.

Air Commodore David Wilby, a Nato military nan, said aircraft had attacked military targets around Pristina and a special police headquarters in the city but had not caused the "widespread and random damage which we believe has been orchestrated by Serbian forces'

The French defence ministry insisted care was being gees, was seen by military taken to avoid civilian casualties. Bombing at night with heavier bombs was at times aborted in favour of riskier but more accurate daylight raids. The ministry showed film of a daylight attack on an unnamed Serb barracks, which detailed cars moving on a nearby was blasted in two bombing

However, it continued to be difficult to hit Serbian ground forces in Kosovo. Air staff, said 10 Harrier jets had been flying on Wednesday but only one had been assigned a target, a military vehicle compound which it had hit

Mr Richard said he saw no reason to change tactics but did not rule out eventual use of ground troops. Nato's policy is that troops will only be sent into a "permissive environment" - in other words, they will not fight their way into Kosovo.

However, yesterday's Nam decision to send 8,000 troops to Albania in a new operation called Allied Harbour. to assist with humanitarian relief for the Kosovar refuexperts as further preparation for a Nato military operation within Kosovo to secure the rafugees' return to their homes.

France said it had decided to send four more Mirage 2000-D fighter-bombers, It has already deployed the largest non-US contingent of aircraft, equivalent to nearly half its total attack force. Reporting by Robert Graham in Paris. Guy Dinmore in Belgrade, Neil Buckley in

Bombing costs present unaccounted for and accused Emma Bonino, EU commissioner for humanitarian sioner for humanitarian allies with hefty bill

The human cost of the Kosovo crisis is incalculable. The economic cost of Nato action against Serbia, and the cost of humanitarian aid for refugees displaced from Kosovo, is at present a little easier to determine.

The bulk of the costs so far has been borne by the US. Most of the cruise missiles are American, as are two-thirds of the aircraft. There are no clear rules

for burden-sharing across the Nato countries, and other interested parties, durthe Gulf War were allocated and was compensated for all but \$7bn of this by interested parties that did not \$700m; make a military contribu- @ 30,000 military personnel

ment of the Kosovo crisis at Arabia, Germany and Japan. Little more than a rough estimate of the cost of the Kosovo conflict is possible. Aside from the unpredictability, costing a war also raises complicated accounwhether to value munitions at acquisition or replace-

ment cost. on Kosovo, Lehman bank, estimates that one maintenance, month's bombing costs

Lehman Brothers makes some heroic assumptions to come up with this tentative estimate of the incremental cost, incurred on top of usual military expenditure by the Nato governments. They assume that:

• Nato launches 30 cruise missiles per day. Cruise missiles cost \$1m each: the total cost is \$900m: • Nato flies around 150 air-

craft sorties per day, with each sortie firing one missile or dropping one bomb, each costing \$100.000, up to a total of about \$500m:

ing conflicts. The costs of Nato loses 20 aircraft, costing on average_635m. on an ad hoc basis. The US (The only aircraft shof down staffing in non-conflict stealth fighter, costs around \$45m). This is a total cost of

tion, largely Kuwait, Saudi are deployed at a cost of

On this basis, Lehman Brothers calculates what it aerial force, and having thinks is the upper limit for one month's aerial action -\$3bn. However, although months, Although actual this calculation prices in the ground fighting lasted less tancy questions, such as cost of ordinance, it does not take into account additional costs from flying in anger.

During peacetime, military With the offensive sircraft might fly an hour a restricted to air attacks day. In the present conflict some are flying 4-5 hours. Brothers, the US investment. This means extra fuel and "Lehman Brothers have

For a three-month air camstarting-point," said one mil-

Spread across the Nato countries, the economic cost of air attack is still not that great. Several months' bombing would have little impact on government budgets. There would be little effect on interest rates or financial markets.

Moreover, in past conflicts. defence departments have paid for a good deal of conflict costs by cutting back on other non-essential military expenditures, such as training exercises and routine

However, if Nato decides that air strikes are not enough and sends in ground troops, costs will rise dramatically. The total cost of the Gulf war was \$102bn. This included six weeks of 600,000 ground troops stationed in the area for six than one week, a large part of the costs in the Gulf war were the result of using ground forces.

Uncertain military costs are only part of the story. The bumanitarian costs of providing basic necessities for refugees dwarfs the cost of air strikes. If the aim of yet of total cost.



	Start of . operation	Cost to 1997/8 (\$as)	Sudget 1998/9 (Sm)	Conflict	Con
ruce aupervision organisation	1948	532	27	First World War	2.85
Mildelle Existy				Second World War	4,90
orce in Cypnus	1984	926	45	Korean War	34
Dissengament observer force (Israel	1974	716	35	Suez War	1
				Vietnam War	72
nterim force in Laberion	1976	2,825	143	Arab-lareal 6-Day War	
raq-Kuwait Observer Mission	1991	415	52	Yora Kippur War	2
fission in Boards and Herzegovine	1995	308	190	Afghanistan War	11
				Iran-Iraq War	15
ibesiver mission in Angula	1997	135		Felklands War	
Region in the Central African Republ	£ 1996	22	29	Gulf Wer	10

the Nato campaign is to repatriate refugees and protect Kosovo Albanians from

of Kosovo and peacekeeping troops will come with a heavy price tag. According to the United

the Serbs, the reconstruction

Nations World Food Programme, providing three months food for 650,000 refugees costs in the region of \$240m. This is before transport costs for the food. Then there are the costs of shelter and healthcare. According to the United Nations High Commissioner for Refugees. although these infrastructure costs will be substantial, there are no estimates

"We have not had an expe- \$12bn. They assume that, rience like this in Europe since the second world war," said Michael Williams of the UNHCR. In Bosnia. very few displaced people returned to their homes.

The costs of repatriation and rebuilding Kosovo will whatever its political status. would be viable only if there was a "Balkan-Marshall plan" for Kosovo, Albania, a total of \$2.5bn. Macedonia and Montenegro. Mr Williams said.

According to Lehman Brothers' estimate, re-housing 2m Kosovo Albanians damaged during the war. and providing them with roads, public buildings, telesubsistence income for a communications and utiliyear could cost as much as ties.

even if military hostilities end after a month, virtually all 2m displaced people will have to be re-housed at a cost of \$20,000 for a four-person family, a total of \$10bn.

They also assume that for a further year, the Nato be high. Moreover. Kosovo, countries would provide a quarter of the previous gross domestic product per head in the region - \$5,000 - making

However, the Lehman Brothers' calculation excludes the cost of reconstructing infrastructure

European companies open up

Europe's largest companies are becoming more shareholder-friendly by providing boards and directors as well more information in a bid to as increasingly independent attract funds from US and non-executive directors. UK investors, according to a survey to be published

The study of 168 of US groups, said David Shel-Europe's largest companies lard, head of London direcby Russell Reynolds, the tors' practice for Russell headhunting firm, found that they were increasingly

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Spain	Y	Y	Š	7	N	N
Sweden	Y	Y	Y	Y	N	Y
Smitzerland	Y	· Y	Y	\$	N	×
		Yeyes Neo	5-sometice	s - Otton protes	led executive costocs	but notices

the highest global stan-dards," he said. "The highest German ones are no longer average level is \$39,066. This However, the study of the discrepancy could reflect varying levels of responsibil-25 largest publicly held com-

panies in seven European The survey found little countries revealed large differences between companies as well as between European directors or whether they diversify holdings. Anglo-American counterserved on any other boards.

the seven countries surveyed - France, Germany, Italy, investors. den or Switzerland - force mation about the pay of indi-vidual directors. Only Swebecome unwilling to conden provided information tinue to vote directors on to about the number of shares information. held by directors and pay in total, an issue which attracts

increased pressure from European shareholders for greater information as they

Mr Shellard said: "Historlcally, European boards were corporate policy and action. average age of 56.6. If they are to compete effectively for access to global tions will need to become than \$97,000 are paid more open and adopt gover- 001 212 351 2000.

whereas in Holland, the nance practices favoured by wide." US and UK investors have invested much more money

There were 44 companies information is increasingly one female director. None of man hoards had any female However, it forecast directors while Forenings-Sparbanken, a Swedish company, topped the 168-strong list with four female direc-

a board with inadequate difference in the ages of

Director Directo

institutional investors world-

in continental European information about the back- shares over the past few ground of non-executive years, partly in order to The report said that such in the survey with at least

demanded by US and UK the Dutch, French or Ger There was relatively little

boards. German boards contained the oldest director. with an average age of 60.4. viewed as having limited whereas Swedish boards power to really influence were the youngest with an For information on 1999 European Board Practices capital. European corpora. Survey slarochearuss reyn.com or Sally Laroche

EUROPEAN PARLIAMENT FORMER ITALIAN PM 'MUST GIVE UP POLITICAL COMMITMENTS'

Prodi's ambitions questioned

The smooth transition of Romano Prodi from former Italian premier to future European Commission president ran into difficulties yesterday following strained meetings with representatives of the biggest groups in the

European parliament. The differences centred on Mr Prodi's intention to stand for a European parliament seat in elections in June. Axel Schäfer, spokesman

on institutional issues for parliament's biggest candidacy was morally and grouping, said Mr Prodi not become

other political commitments. roles were incompatible, conflict of interest. that the future Commission done." role must be ended".

once confirmed Commission president. While there is no legal obstacle to a Commission president being a European parliamentary candidate (but not a member), the the Socialists, the Socialists argued even

European parliament seat

politically unacceptable. Pauline Green. Socialist Commission president group leader in the down, as he saw no unless he gave up all his parliament, said the two incompatibility or potential

"It is simply unimaginable "There's a big task to be president should also be a determination to stand for candidate for election to the parliament means he may European parliament," he face difficulties when MEPs said. "Any active political vote on his appointment as the next Commission Mr Prodi has said he president at the end of this would renounce 'his month or in early May.

He could face a second

as' grilling in July, when the parliament will meet again to confirm the president and the 19 other commissioners. The lengthy approval process means the new

place until the autumn. Participants said Mr Prodi defended his plans and appeared unwilling to back

However, one person present said Mr Prodi had. appeared taken aback by the degree of hostility to his plans, and had said that there were still issues to be discussed and that he might yet change his mind about remaining a European

parliamentary candidate. Mr Prodi was nominated as the next Commission president by the European Union's heads of state and government in Berlin last month after the resignation of the entire Commission.

'The move followed-a report accusing the Commission of serious errors, including nepotism incompatibility or potential EU's vast bureaucracy.

Iberia seeks redress over strike

By Tom Burns in **Madri**d

Iberia, the Spanish airline, is to seek Pta4bn (624m, \$26m) compensation from its pilots' union for costs incurred by strike action during the Easter holiday period. The law suit is unprecedented in Spanish labour relations and signals a new tough attitude by Iberia's

to the carrier's privatisation.

Sepla, the union represent-

The worsening industrial dispute comes two months after British Airways and American Airlines said they would jointly buy 10 per cent of the carrier. BA, which will acquire a 9 per cent stake. will appoint two directors to later this year. The govern-Iberia's 12-member board and will be represented on per cent of iberia to domes-

further stoppages.

management in the run-up all board sub-committees. ing Iberia's 1,200 pilots, said airline's passenger reservayesterday the move was a tions had fallen 13 per cent that is provisionally schedprovocation and that it as a result of the strike.

would decide next week on Iberia would now have to further stoppages. Iberia would now have to revise initial forecasts that it was on course to lift its 1998 pre-tax profits of Pta41.7bn by 30 per cent this year.

He also warned that the carrier's deteriorating image could negatively affect its share value when it is listed ment plans to sell some 30 tie institutions this month Angel Mullor, Iberia's and will place more than 50 managing director, said the per cent of the airline on the

The dispute is over alleged back pay claims and fringe indicated that the real issue centres on attempts by Sepia to vet the intake of new pilots and control key man-

agement decisions. management respects Sepla for what it is. a union." Mr Mullor wrote in a newspaper article earlier [Iberia's] board which is what it would like to be and market in a public offering what, in the past, it has occasionally been allowed to



FUNDINCIAL PROPERTY IN THE PRO

Bond markets react positively

Arkady Ostrovsky

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D And

Europe's bond markets reacted positively to yesterday's rate cut by the European Central Bank although it came too late in the day for its full impact to be felt. rency was launched - is encourage European inves- first time since the launch of ment of a sophisticated capi-

"Interest rate cuts are

financial markets."

By making it less attrac- are higher. tive to hold money in A number of leading Kuroment bonds.

Credit Suisse First Boston in abarply (in line with a corre-London. "Its effect should sponding rise in its price) -

expected to accelerate the tors to switch their cash to the single currency. By tal market. rapid development of longer-term and higher-yield- boosting the overall pool of However, the development lower rate of interest then it "Interest rate cuts are However, the impact on should encourage more comgood for liquidity and this government bond yields yes panies to tap the markets. In mark for the fixed rate por The ECB governing coun-

Analysts are less optimisrecent stabilisation of global also affect the corporate ECB cut on the swaps marbond markets, where yields ket in erros. A liquid and lively swaps market - which

assets, the ECB's action ket is hampered by the fact of the fragmentation of the

issue bonds in euros," said the two-year German gov. is expected to have a posi-Martin Egan, an official at ernment bond falling most tive impact on Europe's eco-ernment Treasury bonds. But in Europe the AAArated bond market is fragalso be a further boost to the indicates that the cut will tic about the effect of the mented between different government bond markets. "Arbitrage in euros is still very difficult," said Eden involves swapping fixed for Riche, head of the bond syn-The reduction in rates - the short-term bank deposits, pean companies have visited floating-rate money - is condicate at Morgan Stanley in first since the single curthe cut is expected to the bond markets for the sidered vital to the develop. London. "If the rate cut encourages the markets to lock themselves into the

will encourage borrowers to terday - with the yield on addition, the rate reduction tion of the contract in cit will hold its twice-



monthly Thursday meetings Europe's fledgling corporate ing assets such as govern- funds available for such of a liquid euro-swaps mar- could boost swaps [in spite earlier in the morning in future and make announcements at 1200 GMT, Wim Duisenberg, president, said

NEWS DIGEST

GERMAN UNEMPLOYMENT

Small drop highlights sluggishness of economy

German unemployment dropped just 3,000 last month to 4.073m after seasonal adjustment, highlighting the sluggishness of the country's economy. Although continuing a downward trend, the fall was lower than expected and fol-lowed a 6,000 drop in February, it came despite more jobcreation schemes for the young by the Bonn government. Seasonally-adjusted unemployment peaked in October 1997 at 4.52m but was still last month equivalent to 10.5

per cent of the workforce. The unadjusted jobless total, which receives more attention in Germany, fell by 176,400 to 4.288m in March. Bernhard Jagoda, president of the federal labour office, said the weakness of economic growth had prevented a steeper drop and, after taking account of seasonal influ-ences, the jobless total remained practically stable.

The centre-left government of Gerhard Schröder, chancellor, has set tackling unemployment as its highest

Ralph Atkins, Bonn Ludolf von Wartenberg, secretary general of the Association of German Industry (BDI), said yesterday that it was essential that the European Union fix a date for eastern enlargement. Mr Wartenberg sald in a lecture in Warsaw that the enlargement process was bringing benefits for German industry and that his BDI will oppose efforts to delay the process. Christopher Bobinski, Warsaw

andreotti trial

Call for 15-year jail term

The marathon trial of Glulio Andreotti, the former Italian prime minister, yesterday moved towards its close when a prosecutor in Palermo called for him to serve a 15-year jall sentence for association with the mafia.

After three-and-a half years of public hearings Roberto Scarpinato, one of the leading prosecutors in the case, said Mr Andreotti deserved 12 years in jali for mafia essociation and three more because his links to "Cosa Nostra," the Sicilian organised crime group, had gone on for so long. Andreotti, seven times prime minister, turned 60 earlier in this year. Defence lawyers are due to make their final statements on May 18. James Blitz, Rome

Tickets plan irks consortium

SWEDEN-DENMARK LINK

The imposition of VAT on tickets to cross the 17km bridge and tunnel link between Sweden and Denmark has forced the company building and running the project to add another three years to its loan repayment plans, it will announce today.

The Oresund consortium which is owned 50/50 by the Swedish and Danish governments said it would be impossible to add 25 per cent VAT to planned ticket prices as this would make the train and road link uncompetitive with terry travel which is exempt from VAT.

The Oresund consortium, which had debts of DKr13.3bn (\$1.9bn) at the end of 1998, had planned to complete loan repayments 27 years after the opening of the link but it now expects this to take 30 years. The link is to be opened next year on July 1. Nicholas George, Stockholm

Cut aimed at stimulating euro-zone economy

By Tony Barber in Frankhirt

The European Central Duisenberg said. Bank's intention in cutting interest rates yesterday was to stimulate the euro-zone economy at a time when growth is low and there is no serious risk of inflation. the ECB's president, Wim

Duisenberg, said yesterday. "The decision taken today keeps monetary policy on a longer-term stability-oriented course and, by doing so, contributes to creating an economic environment in growth potential of the euro strictly and decisively adher- with the previous quarter. annual rate of increase of grow out of line with the

However, he reminded must maintain strict fiscal

discipline and reform over- ECB's policymaking Governing economic growth and overall growth prospects in net job creation in the last unemployment. the euro-zone had deterio- three months of 1998. "Those responsible for other, rated towards the end of last

area could be exploited." Mr ing to the aims of the Euro- The weakness is particularly. pean Union's] Stability and apparent in the manufactureuro-zone governments of convincing structural deteriorated further," he the ECB's view that they reforms in the economy." said. The ECB president also Mr Duisenberg said the noted that the most recent data on employment in the regulated labour and goods ing Council had noted at its 11-nation euro-zone pointed markets if they wanted last- last meeting in March that to "a certain deceleration" in

Mr Dulsenberg said the policy areas are urged now year. "In the meantime, offi-Governing Council had even more to take the neces-cial data confirm that real taken account of the fact sary steps to improve longer- GDP growth in the euro area that the ECB's consumer which the considerable the euro area through ter of 1998, when compared several months registered an that consumer prices would

less than 1 per cent. "Even though some increases are Growth Pact and through ing sector, where confidence likely to be seen in coming months owing to the reversal of energy price trends. the more lasting effect on the outlook for future prices environment," he said.

"Indeed, reflecting the economic environment, many projections for future consumer price increases in the euro area have been revised downwards," he said, adding

less than 2 per cent. Mr Duisenberg indicated that the Governing Council's

decision to cut rates had also been influenced by a slowdown in the rate of M3 money supply growth in ECB's three-month moving average of M3 growth, covering the period from December to February, was 5.1 per cent, higher than the bank's term growth prospects for weakened in the fourth quar- price inflation index had for that it appeared unlikely so-called reference value of

UK looks at compromise over withholding tax

By George Graham in London and Emma Tucker in

City of London bankers and trade associations met yesterday with the UK Inland Revenue to discuss a possible compromise that would exempt international bonds from the European Commission's plans for an EU-wide withholding tax on income from savings and invest-

But financial institutions remain concerned about the the compromise proposal would at best limit the dambeing flawed," said one City givings about its workabil-

The compromise now between institutional and retail investors in international bonds by exempting (\$43,000). The tax directive's principal goal is to cut down on tax evasion by retail

Although the original idea

ity. Some UK government officials, too, believe a cut-off

being explored would would fail to make a clear involve distinguishing enough boundary between wholesale and retail investors. Bond houses also demand a blanket exemption issues whose minimum hold- for existing international ing is more than £40,000 issues, where special redemption clauses could otherwise be triggered by the new tax. This would require a different definition. Other EU member states

emanated from the bond have not dismissed the idea industry - the \$40,000 cut-off of excluding the wholesale age it would inflict. If you is drawn from an existing market for international pushing for political commit who drew up the plans, is Editorial comment, Page 13

have a fundamentally flawed. Ell directive on public offer- bonds, according to EU dip- ment to continue work on not reappointed to his curdirective, smoothing off the ings of securities - many in lomats, but that partly rough edges doesn't stop it the City still have grave mising by other governments of the issues at stake.

> to continue work on the idea of a threshold, and to focus perticularly on the definition of a wholesale transaction. Although the withholding tax is expected to be discussed by EU finance ministers at an informal meeting in Dresden next week, the proposal will not be examined formally by officials

before next month. Germany, which holds the presidency of the EU, will be

the proposal Finland, which rent post. Mr Monti has takes over the presidency in July, could then continue the negotiations. UK officials have been told.

The withholding tax proposal requires unanimous approval, but the British government is eager to find some solution that would avoid the need to use its veto. However; the UK is no longer completely isolated, since Luc Frieden, Luxembourg's budget minister, has now said his country will. refree to discuss the issue

Momentum behind the proposal could fade if Mario Monti. the commissioner

pushed the proposal relentlessly, putting pressure on the UK not to veto the plans by linking acceptance of a pan-European withholding tax to plans to liberalise Europe's pensions invest-

ment market That lever has now disappeared, as new pensions leg-islation has been delayed following the resignation of the European Commission and its subsequent commitment not to undertake any new political initiatives until a new college is appointed.



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and economic shock.

The United Nations, the

banese business community welcomes budget without significant amend-

Lebanon's state budget, "The markets have been waiting for a budget that the budget deficit from 43.3 proposing a wide range of taxes and other fees and will raise revenues, tackle charges, and a lower budget deficit, was well received the public debt and budget deficit," said Henry Azzam, chief economist and managyesterday by the country's ing director of Middle East The General Workers Con-

Capital Group.
The markets will like this budget, even though the Leb-The budget draft

should have been put forward late last year but was delayed by the resignation in November of the governthe prime minister.

The new government has set itself a target of reducing per cent in 1998, according to official figures, to 40.2 per cent

The deficit is one of the highest in the world on a per capita basis and a large contributor to a public debt esti-The new budget predicts a

5.4 per cent increase in public spending, from \$5,255bn in 1998 to \$5.544bn. Revenues are projected to rise from \$3bn last year to \$ 3.33bn. be passed in parliament ment of Rafiq al-Hariri. The expenditure target also

\$164m in servicing the public debt, \$282m to cover a retroactive public sector wage increase and \$204m more for

FISCAL PLAN GOVERNMENT HOPES TO SATISFY MARKETS BY RAISING REVENUES. TACKLING PUBLIC DEBT AND REDUCING THE BUDGETARY DEFICIT

Analysts believe that spending may be well within the target set while the new fees and charges may generate more revenue than pre-

Marwan Barakat, head of the economic research unit at Banque Audi, a leading Lebanese bank, said the government had included all relevant data in the budget,

includes an increase of transparency. "A budgetary deficit of 40 per cent is a good figure, because it's either going to be met or its

going to be outperformed." Economists said investors were also eagerly awaiting erating measures, the budget details on the government's new five-year fiscal reform

Makram Sader, general

association and one of the report's authors, was confident it would put the Lebanese economy on a strong and which he praised for its sustainable fiscal base.

gramme called for corpora-tisation of public utilities. restructuring of public debt and a new tax system.

Among other revenue genproposes a 5 per cent rise in corporate tax rates from a to a new rate of 15 per

It also includes a progressecretary of the banking sive tax rise on individuals. But people earning \$670 a month or less and families with three or more children will be tax exempt.

It levies higher taxes on

essential goods, including liquor, beer, imported flowers, cigarettes and ready-towear clothes. The budget also imposes an additional levy of four US cents on a minute of call by cellular

Controversially. includes a higher tax on pet rol Previous efforts to raise the price of petrol have generated vociferous opposition But analysts believe that this time the Lebanese population is prepared to sacrifice chesp petrol to put the econ-

religious By Judy Dempsey in Jerusales

between Relations Nazareth's Christian and Moslem communities yester day further deteriorated after the Israeli government proposed building a small mosque on front of the city's omy on track. Church of the Annunciation in a belated effort to resolve the dispute but also woo Israeli Moslem votes for next month's election. The proposal.

Islamist leaders said did not go far enough unless the mosque was built immediately and allocated more space, was expected to deepen the rift between Christians and Moslems. The recent Easter and Christmas celebrations were marred by violence between both communities, with city authorities complaining that the noline stood on the sidelines while Christian shops were ransacked.

The proposal runs counter to an earlier commitment by the Israeli Lands Authority, the state body which owns 93 per cent of all land. It had agreed to hand over to the city municipality a plot of land on front of the church as part of a plan to build a square to accommodate pilgrims during the millennium. Municipal officials in israel's largest Palestinian city said yesterday it was now reneging on that agreement.

Micha Goldman, opposition Labour party member of the Knesset (parliament) interior affairs committee. vesterday accused Benjamin Netanyahu's government of being "two-faced" and doing little "to quall the hatred." Likud party activists as well as officials from the Shas ultra-Othodox party have been making promises to the Moslem community in an effort to gain votes in next month's parliamentary and premiership elections.

Rwanda tries to bury the horror

Five years on, the country still has a long way to go to recover from Africa's worst genocide, writes Mark Turner

ive years ago this week two missiles brought down a Falcon 50 presidential jet as it approached Kigali, the Rwandan capital. Among those on board was Juvenal Habyarimana, the Rwandan president, and symbol of hardline Hutu

federation, representing Leb-anon's 350,000-strong labour

force, immediately rejected a

proposed increase in the cost

of petrol and threatened to

stage demonstrations to

oppose it. But politicians

expected the draft budget to

maiority rule. What ensued was perhaps the most ghastly series of events since the Holocaust. In a well-organised killing spree lasting 13 weeks, more than 500,000 ethnic (minority) Tutsis and moderate one of them: I have seen Hutus were slaughtered. leaving the tiny central African state in a state of moral

Five years on, the country is still haunted by the events, trying to come to terms with exactly how neighbours and friends could, at the behest of a murderous and paranoid regime, abandon the most basic tenets of human moral-

US, France and Belgium are similarly asking themselves why, when faced with substantial forewarning of the impending horrors, they did nothing to stop the slaugh-

Rwandans yesterday marked the genocide by giv

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ture, the site of a massacre. Although a gruesome affair to outside eyes, the ceremony is seen as an important marker of events that should never be forgotten, and helps bring some degree of closure to the vic-

tims' families. "There are many steps which have to be taken," said Esther Mujawayo, who counsels women survivors of the genocide. "But this is people make big progress once they see the bodies and bury them."

But many of the funda-



tiny state remain unanswered: crucially, how does a minority subject to a genocide develop a fair democratic system, while at the same time ensuring its long-term survival?

Last week, Rwanda took an important first step. when more than 80 per cent. of the country turned out in the pouring rain to cast their votes for grassroots leaders. Hutu lined up alongside Tutsi, and elected people according to merit not ethnic origin, according to

observers and participants. The elections were very democratic: both sthnic groups voted for representatives from the other. That gave me a lot of hope," said Jean de Dieux Kaviranga, a Tutsi now working for the United Nations Development Programme, who saw his entire family killed during the genocide.

The government says it intends to move on to national elections, but it is still unclear when. The justice ministry is drafting a new constitution, which will eventually be subject to country-wide consultations and a referendum. But there is little indication what form it will take: whether a Ugandan-style 'no-party' movement.

Officials say that one pos-

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landlocked country. Survivors warn, however.

that the country still has a long way to go before reconciliation can be achieved. Commentators say that genocide suspects have

shown little remorse, and that the justice system hampered by a huge lack of capacity - is proving slow. About 135,000 people are still in jail, and barely 1,000 cases are processed a year. Furthermore, the Interna-

tional Tribunal in Arusha has little to show for its expense - although it marked a watershed last year with the sentencing of former prime minister Jean Kambanda. It most recently came under fire for releasing Bernard Ntuvahaga, a former army officer accused of murdering 10 Belgian peacekeepers, outraging both the Rwandan and Belgian gov-

To help address these complaints, the government intends to revive a traditional court system, the Gacaca, where elders will preside over community trials dealing with the less serious genocide offences. although there are doubts whether a system which originally dealt with petty multi-party system, or a crime can cope with the task.

"Rwanda's main task at the moment is to look low prices, and there has sible model is Switzerland - inward, and find explana- been some investment in

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Shalita, the director of infor-Paul Kagame, "Then we can build national reconciliation. The Gacaca system will allow a community to sit together and listen to the cases of the accused - we want this to go back to the

grassroots level." Rwanda must also rebuild a shattered economy, only try which was plagued by up now reaching pre-1990 levels. Given the inter-ethnic eco- ex-FAR militia - the hard nomic resentment that contributed towards the genocide, equitable growth will be crucial to long-term sta-

Tea production is improving, although not helped by another tiny, multi-ethnic, tions and reasons for our sugar and telecoms by they are being regrouped

Government spending is mation for vice-president under control, and revenue collection is improving. But food production is still barely at subsistence levels, a tragedy in a highly fertile bread basket for East Africa.

Security has improved in recent months, notably in the north-west of the counto 20,000 Interahamwe and core perpetrators of the genocide. But the recent attack on Bwindi national park in Uganda suggests that the killers remain a highly organised force, which could come back to

haunt the country. There is evidence that

and re-armed by Laurent Kabila, president of the Democratic Republic of the Congo, in retaliation for Rwanda's support for a longrunning rebellion in the east. External security country which could be a remains a problem, and donors have expressed concerns about defence spending at a time when the country faces crippling repayments on a \$1.2bn external debt.

> Rwanda, a country some times described as the Israel of central Africa, with all its capacity for regional destabilisation, is taking some first and encouraging steps. But until basic issues of reconciliation and reconstruction are resolved, all of central Africa

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Pharmaceuticals - Chemicals

Latin American banana growers hail WTO ruling

The US's Latin American remain sceptical that the latpartners in the long banana est ruling will bring Ecuador battle with Europe have hailed the latest World already won one panel [in Trade Organisation ruling as September 1997) and the EU a victory that gives them a was then given 15 months to chance to boost sales to the lucrative EU market.

Ecuador, Mexico, Guatemala, Honduras and Panama had all complained along with the US to the WTO over the restrictions placed on their banana exports by the EU quota

However the WTO judgment is set to increase uncertainty for four Latin nations - Costa Rica, Colombia, Venezuela and Nicara-- which had protected their exports by accepting a guaranteed share of the EU quota since the regime was first introduced.

Ecuador, the world's largest exporter of bananas, gave a cautious welcome reports of the latest WTO ruling, although the governreaction until the nanel rul- claims the system of Euroing is made public on Mon-

But banana producers immediate benefits. "We had change but they came up with another illegal and discriminatory regime. How much longer can we wait?" said Francisco Bejar, legal adviser to the producer organisation, Conaban.

Mr Bejar said the EU should not be given time to implement a regime, but should dismantle discrimination against Latin American producers immediately.

Dissatisfied with the EU

response in January to an earlier WTO panel ruling, Ecuador made a further special appeal against the way the EU had changed its regime. It objected to the principle of quotas for countries and the special treatment given to ACP counexceeds that recommended

pean operators selling icences to Latin American importers is still open to abuse, costing Ecuadorean exporters \$200m a year.

In 1998 29 per cent of Ecuador's \$843m of banana exports went to the EU. Under the quota system Ecuador has 26 per cent of the EU market. In Panama, one of the

Latin American countries hardest hit by the EU quota system, industry and commerce minister Raul Hernandez praised the WTO ruling as "momentous for our country". Bananas are Panama's biggest export product but its sales to the EU slumped by around 40 per cent after the quota regime began.

Panama managed to raise sales in the US instead but has been anxious to regain access to the better prices in the EU.

In the latest EU alteration to the regime in January, Panama was unhappy to be offered only a 15.76 per cent by the panel, Equador also. Flores, the deputy foreign

exports up to pre-quota levels, when she said the country had about 20 per cent of the European market.

Mr Hernández said the best outcome would be for the EU to set a single tariff for all banana imports. But he acknowledged it would be "fair up to a point" if the EU were to continue to support ACP countries through a lower EU entry tariff.

The outcome was also greeted as a vindication of membership of the WTO. which Panama only joined in 1997. Joining has often been criticised domestically for leading to import tariff cuts, producing a surge of cheap farm imports and local job losses.

However neighbouring Costa Rica, the world's second largest banana exporter with more than 25 per cent of the EU quota for Latin bananas, reacted cautiously. Anabel González, the vicem inister for foreign trade, said tries, which it claimed share of the EU's Latin the country would wait to American quota. Laura see how the EU would pro-



Exporters urge EU to appeal

Caribbean banana exporters. at the centre of the trade disbute between the US and the commissioner, that the EU EU, say they hope Europe will continue to honour its "legal obligations" and will not dismantle preferential banana import arrangements in the eastern Caribbean because of pressure from

The exporters maintain that the Lome Convention, a treaty obligation which the trade treaty between the EU and the African, Caribbean and Pacific Group, a 70-nation bloc, commits the EU to maintaining the preferential

"The preferential arrange-

have not been dismantled, and we are encouraged by the statement by Leon Britain, the acting EU trade will appeal this latest WTO ruling," said Edison James, prime minister of Dominica. one of the Windward Islands whose economy is dependent on banana exports. "The

banana arrangement is a EU has under the Lome Convention, and this is legally A WTO arbitration panel

this week ruled that the European Union's banana import regime, which ment and the tariff quotas favours former European

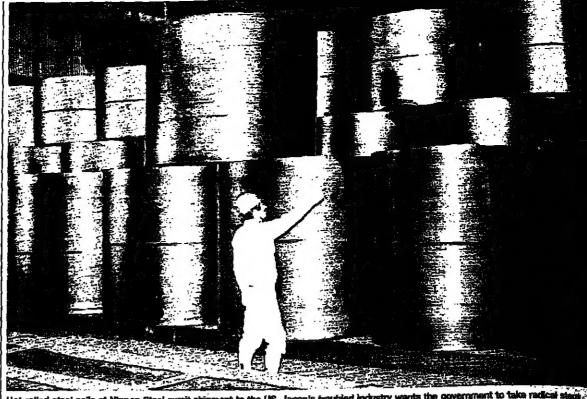
colonies, mainly in the Caribbean, violates global trade rules. The WTO said the US could impose \$191.4m of sanctions on EU goods to compensate for trade losses caused by the banana prefer-

the finding of the WTO, but we hope the European Union will not change its position," said Bernard Cornibert, chief executive of Windward Islands Banana Development Company. "We hope the EU will withstand the pressure from the US. There is no reason for the Europeans to buckle under the pressure being applied by

Caribbean banana farmers to become more efficient, said Swinburne Lestrade, director general of the Organisation of Eastern Caribbean States, a regional economic group which includes the Windward islands.

"We are committed toward making the industry more efficient, and this ruling will be an impetus for the banana industry to become more efficient," he said.

Another regional trade group, the Caribbean Community and Common Market (Caricom), said it would wait for the WTO to release its ruling officially before making a comment.



Japanese steel makers call for commercial reforms

will step up pressure on the government to to bring in reforms to help pull the country out of its worst postwar recession, Akira Chihaya, chairman of the Japan Iron and Steel Federation said yesterday.

The industry group is to submit policy proposals to a government advisory panel this month. The report is likely to recommend changes to tax and commercial law to facilitate mergers and demergers and to increase labour mobility, Mr

Chihaya said. The move coincides with several plans to tackle the overcapacity problem in Japan's manufacturing sector. Last month, the government formed a panel including Keizo Obuchi, prime minister, and leading businessmen and politicians to discuss supply side restructuring measures. The ministry of international trade

troubled companies in exchange for restructuring. It also comes as Japan is threatening to take the US to the World Trade Organisa-

tion over a bill passed in the House of Representatives to restrict steel imports to 1997 levels, the latest of a series of heated exchanges surrounding the surge in Japanese steel shipments to the US in 1998.

Mr Chihaya, who is also president of Nippon Steel, the country's leading steel maker, said that Japan's corporate laws were hampering a recovery in the steel sector, where output fell from 102.8m to about 90.5m tonnes in the fiscal year ended in March. He said the industry group would submit its recommendations to the newly formed panel, known

as the Conference for Indus-

trial Competitiveness, later

this month or in early May.

He also confirmed that

extend emergency funding to by taking the issue to the WTO if necessary. The increase in steel exports to the US was a result of increased demand from the booming economy that domestic steel mills could not meet, he said.

"I believe that the most important thing for the US steel industry is not to ask for protection with import restrictions, but to make a sincere effort to regain its international competitiveness, which will enable further growth of the US economy as a whole, including steel-consuming sectors," Mr

Chihaya said. US mills bought 25 per cent of steel shipped from Japan last year because of a shortage in production capacity, he added.

However, the structural problems underlying the trade conflict remain unresolved. Earlier this mouth,

and industry is also consid- Japan would challenge US inary ruling that Japanese ering a plan that would efforts to curb steel imports shipments of steel plates were injuring US producers a move that allows the Commerce Department to begin dumping charges.

> Although steel shipments from Japan to the US have fallen continuously since last autumn - crude steel imports plunged 49.3 per cent in February compared to the same period the year before - the trade disput has laid have the staggering overcapacity problem in the recession-weary Japanese steel industry.

integrated steel maker expecting to make a profit in the fiscal year ended in March. Analysts applauded the group's recent restructuring, which included an unusual move to withdraw from the semiconductor market, but said that further reforms would be necessary the US International Trade for a fundamental earnings

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Announce

The offering of a majority equity stake ranging from 5,250,000 shares (70%) to 6,968,076 shares (93%) of the capital of



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FOR SALE TO A STRATEGIC INVESTOR

In cooperation with Commercial International Investment Company (CIIC) (the Sellers' Advisor) through an auction by sealed envelopes according to the following procedures:



I. Collection of Bid Information:

- 1- Investors and/or their agents will submit a letter addressed to Arab African International Bank (whose address is at 5, Midan Al-Saray Al-Koubra Garden City Cairo) or to Commercial International Investment Company (CIIC) (whose address is at 9 Mohamed Fahmy St. (ex. Roustum st.) Garden City Cairo) to express their interest in purchasing the offered stake and including a brief summary about their business or other relevant information. (i.e. annual report ... etc).
 2- Investors and/or their agents will sign a "Confidentiality Agreement" upon which, they will receive the following
 - The Information Memorandum prepared by Commercial International Investment Company (CIIC).
 - b) The terms of sale. c) The Form of Bid Bond required.
 - d) Egypt Arab African bank's audited Financial Statements as at Dec. 31, 1998 as approved by the Ordinary
 - General Assembly of the bank.

 e) Financial Due Diligence prepared by Price Waterhouse.

 f) Legal Due Diligence prepared by Shalakani Law Offices.

II. Submission of Bids:

- Investors shall submit two sealed envelopes (technical and financial) no later than 2:00p.m. on Wednesday May 19, 1999, at the head office of Arab African International Bank (Investment Control Department)
- 2- Envelopes will contain the following:

 a) Technical Bid Envelope: Including a brief on investor, historical background, previous experiences in the banking field or other fields, plan to develop the bank's activities post acquisition and investment prospective.

 b) Financial Bid Envelope: Specifying clearly the number of shares to be purchased and a preliminary. purchase bid price per share.
 c) Unconditional and irrevocable bank guarantee issued in favor of Arab African International Bank in the amount of LE 2 million and valid for a period of six months.
- Technical and Financial envelopes will be unsealed to analyze their contents and selected Bidders will be notified by Arab African International Bank no later than Wednesday, June 2, 1999.
 Selected bidders will be authorized to conduct a due diligence on the Bank for a period of one month ending on
- Montoley, July 3, 1999.

 In light of their due diligence conduct, investors will submit their final bids no later than Monday July 19, 1999.

 Based upon such final bids, the Successful Bidder will be determined.

 The sale transaction will then be executed through the Cairo Stock Exchange in accordance with the standard procedures applicable.

General Remarks

Priority shall be granted to the following bidders:

- a) Local, regional and international institutions (commercial or investment banks).
 b) Group of investors (consortium) amongst which a member is an institution that has an established record or extensive experience and technical know-how in the banking field.
 c) Bidders offering to purchase the entire stake offered for sale.
- d) The approval of the Central Bank of Egypt on the buyers shall be obtained.

For inquiries, please contact the Investment Control Department of Arab African International Bank Tel: (202) 356-4655, Cairo.

India imports ruling

By Amy Louise Kazmin In New Delhi

World Trade Organisation has ruled that India can no longer reasonably cite balance-of-payments problems as an excuse for maintaining import

restrictions. India has long cited its allegedly poor balance-ofpayments position as justifi-cation for maintaining extensive import restrictions and high tariffs. It has quantitative restrictions on 700 items, and requires special licences to import hundreds

of others. The US filed a formal complaint, challenging the balance of payments excuse, after the two countries failed to agree a time frame for phasing out India's quotas. New Delhi wanted a six year phase-out plan, which was accepted by India's other Ilnion.

However. US officials said

the WTO's dispute settlement panel, US officials said By John Bartiam in São Paulo they would negotiate another phase-out schedule with India. If India does not make an acceptable offer, the US could press for sanc-

Under WTO rules, countries are normally allowed 15 months to phase out import restrictions if they are no longer found to have valid balance of payments problems. However, Indian trade officials said the WTO report recommends India be given more time.

"India believes that six years is a reasonable time frame, and so does all ber trading partners with the sole exception of the US," said an Indian commerce ministry official. India had been lifting import restrictions in the last two years, he added.

Last month. India announced it was lifting restrictions on 894 items, including consumer goods, fruits, vegetables and even some dairy products.

Customs red tape 'harms trade with east Europe

By Charles Batchelor, Transport Correspondent

Six out of 10 western companies experience difficulties with customs "red tape" which hampers trade with central and eastern Europe, according to a survey of multinational groups published vesterday.

ing revenue due to customs delays, although there had been some improvements since a survey 18 months ago when half reported vey nine out of 10 companies had encountered problems. Customs officials at one

returning a consignment because the computer printout of the shipment details was on the wrong coloured paper, according to the survey by DHL an express parcels group.

asked to provide the Latin was held up by customs name for a consignment of pototoes despite the fact that the Mediterranean farmers who grew the crop had no idea of the name themselves.

Problems encountered by western companies included frequent changes in regulations which made it difficult to plan ahead and over-zeal-One third of the compa- ous application of the rules nies questioned reported los- by officials who saw their role as policemen rather than as customs authorities. Customs problems in the

CIS countries and in Russia in particular had grown losses. In the previous sur- worse though in the five countries first in line for European Union membership - Czech Republic, border crossing insisted on Poland, Hungary, Slovenia and Estonia - procedures were the most straightforward. Slovakia, Bulgaria and Romania had also made

Overall, the improvement

delays compared with one in three in November 1997.

Forty-two per cent of the companies interviewed said they felt the customs authoritles "at least partially realise what businesses are trying to achieve." In the previous survey the figure was 22 per cent

"We have seen a real sea: change in attitudes over the past six months," DHL said. "Unfortunately this has not always been translated into concrete improvements.

"Even the countries identified as relatively straightforward in customs procedures still have a way to go before they reach the west European norm. Constant changes and a piecement approach to reform remain a cause for concern."

The Second Customs Report for Central and Eastels group. was reflected by the fact that ern Europe. +44 171 465 7700.

Another exporter was only one in five shipments Free.

major trading partners, including Australia, New Zealand, and the European Embraer planning new However. US officials said the phase-out should take place faster. Armed with the ruling of Arm

Embraer, the Brazilian regional jet maker, intends to press ahead with a \$750m project to build a new family of large regional jets. Mauricio Bot Botelho.

Embraer's president, says

the company has completed preliminary designs for a 70and 90-seater jet and has begun showing it to "hundreds" of potential clients. Embraer is also beginning to recruit key suppliers to contribute about \$250m to the project on a risk-sharing basis. The company also hopes to raise \$250m on international financial markets to finance the project. Embraer would provide the remaining \$250m in equity.

The company's move fol-lows its defeat in a trade dispute with its Canadian rival Bombardier last month and the closure of international capital markets to most Bra-January's devaluation of the The aircraft are tentatively tant [products] such as avia-

sion on the project in June, ahead of the Le Bourget airshow. The first models shi Yokota, Embraer's would be ready about three industrial vice president, years later. The planned says: We raised \$150m [for ERJ-170 and ERJ-190 would replace the highly successful 50-seater ERJ-145, launched culean effort to get \$750m in 1996, and which now accounts for most of the \$4.1bn in the company's

Mr Botelho says the com-

largest regional aircraft supplier, and second-ranking sation. Mr Botelho says a Embraer, are both developing aircraft to meet growing would not cause a "signifidemand for larger and lon- cant impact" for Embraer. ger-range aircraft by regional operators. Embraer estimates Its new aircraft should begin capturing a quarter of a market forecast at 2,500 aircraft in three

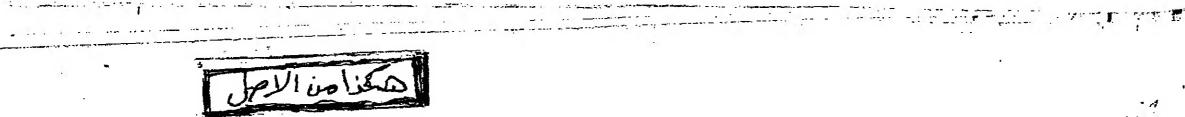
priced at \$21m-\$23m.

Embraer officials dismiss pany will take a final decision on the project in June. ctal crisis could threaten financing for the project. Satothe ERJ-145] at a very difficult time. It will be no Her-

DOW." Although the Brazilian government has strongly backlog of orders.

Bombardier, the world's subsidies, known as Proex, the World Trade Organireduction in assistance which is now Brazil's second largest exporter. Both the Brazilian and Canadian governments are expected to appeal against the WTO's

Mr Botelho says "foreign Mr Botelho expects the trade is very important for new aircraft needs to earn a all countries and they all return of at least 25 per cent protect their exports, particzilian companies following to justify the investment. ularly strategically impor-



THE AMERICAS

Greenspan intervenes over bank reform

Alan Greenspan, chairman of the Federal Reserve, yesterday intervened in the controversial campaign to limit US community lending laws, which have led to bitter divisions between Democrats and Republicans.

Mr Greenspan's intervention, at the request of Senate Republicans, threatens to widen the political divisions over efforts to overhaul the US financial services indus-

try. The Clinton administra-

to veto a Senate bill - which would reform the Depression-era and post-war banking laws - because it undermines community lending

united in their determination to tear up the archaic financial services legislation. which separates banking from insurance and broking.

However, their prospects for success, after two appeared gloomy yesterday said, a rival bill in the Sen-as Senate Republicans inten-ate would roll back commu-

sified their campaign against nity lending laws, which will meet next week with Mr both in and out of Congrecommunity lending.

The community lending laws, which will meet next week with Mr both in and out of Congrecommunity lending.

Jesse Jackson, the vete Phil Gramm, chairman of

the Senate banking commit-House of Representatives.

Mr Greenspan, in a letter decades of fruitiess debate new financial services. In over the banking laws, contrast, the Fed chairman

neighbourhoods.

comments to attack a comman did not pass judgment the controversial legislation. the Community Reinvestpromise deal over community community lending. Mr Republican leaders have ment Act. Mr Jackson con-Lobbyists are largely mity lending between Demo- Gramm used the letter to crats and Republicans in the House of Representatives. House bill. He said: "Such expansions [in the bill] are to Mr Gramm; said the not warranted in legislation House bill would extend that is aimed at improving community lending provi- consumers' access to finansions to banks moving into cial services. We should be removing barriers, not build-

> Republican and Demoate would roll back commu- cratic leaders in the Senate pared to defend aggressively

Republican leaders have said they expect the bill to reach the floor of the Senate in the first half of May, but this is likely to be delayed unless the party leaders can find room for compromise next week

Democrats view commufaith which they are pre-

close links with poorer the leading Democrat on the civil rights leader, pledged Senate banking committee, this week to launch a tee, used Mr Greenspan's Although the Fed chair to discuss the prospects for national campaign to protect

nity lending as an article of surprise because they have

Internet fraud hits new levels of cunning

By John Labate in New York

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The hunt continued yesterday for the people behind the most cunning internet investing scam yet. when a phony news story about the takeover of a small high-tech company sent its shares soaring in trading on Wednesday.

Regulators tight-lipped about the investigation, but market traders expressed little doubt that those responsible would be

"It definitely does take things to a new level," said of Pacific Equity Investigations, a research and trading

The effectiveness of the scheme to move stock prices put a new light on the power of Internet chat rooms, which offen post anonymous stock tips and opinions. On Wednesday a fictitious Bloomberg news story appeared on a message board run by Yahoo! The story was made to look identical to a news story, and featured detailed links to the Bloomberg news service and

other internet sites. According to the false gies, a California-based producer of telecoms equipment, had agreed to be acquired by ECI Telecom, an Israel-based company. The story appeared minutes before the opening of trading in New York, and the shares which trade on the Nasdaq market, surged from an opening price of \$8% to more

than \$11 in early trading. The stock staved strong in spite of denials from Pairgain and Bloomberg, closing at \$9%. Yahool quickly deleted the story, but by then it had spread to the broader market, making Pairgain shares the 12th most actively traded stock

on the Nasdaq. Although many investors were fooled by the story, others were doubtful from the start. Mr Elgindy posted a message on Silicon Investor, one of the most popular faternet stock chat services, stating his belief that the

original story was a fraud. Mr Elgindy is a closely watched commentator on stock tips and is also an active trader. In a strange twist he said that after he posted his message he traded the stock, reaping a gain of \$80,000-\$100,000 on what he felt sure was false informa-

Whoever posted the fictitious story knew Pairgain well. The company has long been considered a takeover candidate and has been linked with ECI in the past. That's part of the genius of what they did," said

Charles McBrayer of Pairgain. Mr McBrayer said the company was not conducting an internal investigation, but was co-operating with regulators at the Securities and Exchange Commission and Nasdaq.

The Pairgain report may put new pressure on regulators to crack down on internet chat rooms. The SEC has repeatedly warned investors not to trade on information received on the internet, but such statements have done little to cool the thirst for

fast tips. In recent months the SEC has stepped up its enforcement of internet fraud, creating a new division within

The agency has brought more than 60 cases involving traudulent internet prac-

This week US authorities charged a New Jersey man for creating and spreading the Melissa computer virus which jammed company e-mail systems worldwide.

Brazil judges and banks face probes

yesterday launched an inves- dence that the government tigation into corruption in will implement long-term fisthe judicial system and has cal reforms needed to guarannounced it is setting up another inquiry into the banking sector.

The inquiries, which could spearheaded by Antônio distract attention from Carlos Magalhães, Senate much-needed economic president, will look into alle-reforms, will occupy much of gations of nepotism and corthe Senate's time for the ruption by judges. next three months and could sap political energy in Bra-

The investigations come as Brazil begins to pull itself

which began in January, and Brazilian Senate as investors express confiantee economic stability. The inquiry into the judi-cial system, which has been

> A number of judges have threatened to boycott the inquiry, alleging that the legislature does not have the

branch of government, raising the prospect of a consti-However, in an attempt to

calm tensions, Celso de Mello, president of the Supreme Court, said the inquiry was legitimate. "Magistrates should behave like any other citizen and the law," he told reporters on Wednesday.

Some analysts believe the inquiry could create the political conditions for a broader reform of the judicial system, which the gov-

out of a currency crisis, investigate the judicial ernment has already pro- not been completed, observ-

inquiry could be more embarrassing for the government, as it will look into allegations that some banks received warning about the January devaluation and that the central bank sold dollars below the market price during the crisis to two struggling Brazilian

The central bank is expected to respond to these alle- he added, the emergence of gations later this week. for the investigation have

ers said it was almost cer-The banking sector tain it would start next

Political analysts forecast significantly affect the government's reform agenda "The Senate will be partly tied up with the investigations, but the lower bouse will continue doing its political analyst at Santafe new allegations during the Although the preparations hearings could damage the



The long lunch is likely to become a thing of the past for Mexican bureaucrats

as well. Some officials are already signing up for evening courses and master's degrees, lights in ministries are going out on time and Officials would keep workers spill out into the

streets blinking in the early evening light. "It has given me a private

Not everyone shares his

enthusiasm. Many of the

workers are low-paid clean-

ers, secretaries and chauf-

shifts a day in different min-

ries. Their night jobs have

· Others doubt the reforms

will stick. Mexico began the

been eliminated.

life," says Mr Hernández, who used to arrive home from the ministry at 10pm. and barely saw his wife for five days a week. "It's a gen-Marco Provencio, a finance eration thing. I totally appland the decision. It's

bureaucratic workdays in here to stay, there's no the early 1970s when Luis doubt," says Mr Provencio. Echeverría, a workaholic and eccentric ex-president, demanded ministers be at reforms. This week he urged his disposal at all hours.

packed suitcases in the office ready to accompany him on his sudden whims to travel abroad, and would return home from work after midnight only to be summoned to tennis with him before breakfast.

In a political system where one force - the Institutional Revolutionary party - has dent has remained vested with almost regal authority ever since, and the tradition of staying at work until his office light goes off at night long ago took root.

shake off the habit, and The reforms promise tan- tradition of interminable think the new timetable is much sense."

Officials say President Ernesto Zedillo backs the most of his staff to leave at 60m, and a spokesman said he was keeping just a skeleton crew for emergencies.

ous about waste, has a his tory of breaking with bureaucratic tradition. On taking office in 1994 he announced he would spare his cabinet the tiresome chore of waving him off at But Mr Sota of the U de G believes the new timetable

will soon unravel in a crisis. "That type of cultural change will take at least 10 instead of drinking a lot at lunchtime, people will drink watch the clock instead, a lot at night and feel worse remains to be seen. "We the next day, It doesn't make

TOBACCO LITIGATION SETTLEMENT US POLITICIANS HOPE TO USE PROCEEDS TO RAISE MONEY ON BOND MARKETS

Plan to turn pipe dreams into gold

in New York and Edward Luce in London

merica's local politi-A cians are boping to turn smoke into gold through a piece of financial wizerdry. Although the payouts of last year's \$206bn US tobacco setflement are staggered over the next 25 years, many local governments, including New York City, hope to grab their share much sooner through the

bond markets. Under the scheme, in which at least five of the 46 tlement have expressed a market strong interest, proceeds from the litigation settlement would be used as security to raise the money in advance.

State - and some city governments would securitise the future revenue streams and use the proceeds to pay for local healthcare budgets or other schemes. Interest payments on the bonds would be serviced by the actual liftigation payments over the next 25

years.
"If one or two states socceed in securitising these he said payouts then many more

Standard & Poor's, the credit the bond issues. rating agency, in New York, states to securitise other ments should not spend the

Bankers say there would be strong investor demand for such bonds. The US has the most sophisticated asset backed market in the world for dealing in anything from future royalty payments on . record sales to receivables; on credit card debt, pack-

in addition; the legal com- payouts many panies acting for the 46 states are expected to securstates are expected to securby the tobacco companies which amount to annual payments of \$500m up to

\$18bn over time. Sean Sheerin, vice presi-11hn in legal fees could be securitised by as early as he said.

will follow," said David cerns about how the states solution to the school's fund- Rudolph Giuliani has Hitchcock, a director at would use the proceeds of

These payments are one-"It could also encourage off windfalls so state governtypes of revenue streams money on ongoing projects more frequently, such as or ose them to cut taxes." delinquent tax payments, for said one banker.

Agericies say the ratings igned to the bonds will bluge on how the revenues are spent.

If one or two states succeed in US states involved in the set aged and sold to the bond securitising these

more will follow

This week, Jim Hill, the state treasurer of Oregon, proposed issuing \$400m worth of bonds backed by dent of Duff & Phelps, the the part of Oregon's expecrating agency; says up to ted \$2.4m share of the settle. ment. The idea was simple,

"It provides the state with "We are talking about the a short term fix to the school emergence of a very hig budget problem without rais-asset class in its own right, ing taxes, and at the same ing taxes, and at the same time it buys us some time to However, there are con- find a stable and lasting the most advanced. Mayor handsome.

ing problem."

drawbacks, however. Some critics are nervous that the authorities will use up their one-off windfalls quickly and then face politically difficult decisions once the money has been spent.

Of more immediate concern is whether the risks attached to the bonds will put off potential investors. The main worry is that future payments under the settlement are not set in

The current attempt by the federal government to claim a share of the \$206bn could, if successful, halve the amount available for the states. Under a clause in the settlement, the amount could also be cut over the longer term if the number of

people smoking declines. Such uncertainties have pursuing securitisation. Illinois, Louislana, Maine, Pennexpressed an interest, as

the states' settlement. New York City's plans are issues were expected to be

appointed Salomon Smith The idea is not without its Barney, Bear Stearns and issue, with a timetable of July for an initial sale of

\$625m worth of bonds. The goal is to raise \$2.5bn over four years. An added attraction for New York is that this would side step the constitutionally imposed limit on the amount of taxbacked bands the city can issue - a ceiling against which it is already bumping.

The city's Transitional Finance Authority has already established a Tobacco Settlement Asset Securitisation Corporation. which would receive the paythe settlement and redirect them to pay off the bonds.

The city's plans are complicated, however, by a dispute over how much of the state's \$25hn expected settlenot stopped authorities from ment it should receive. At present, the state governor has offered \$6.7bm, but Mr sylvania and Texas have all Giuliani is looking for more. "Whatever happens everyhave cities including New body gains except smokers York and Washington, and the tobacco companies," which will receive a share of said one hanker who added that the fees on the hond

some people say. Just fold this page towards the West.

It's not as hard to

Eastern Europe as

do business in

that have compressed shifts for some bureaucrats, writes Henry Tricks It is lunchtime at the down from workdays that U de G, a wooden-beamed

as Mexico cuts

its working hours

Not everyone has welcomed reforms

Long lunches dry up

clatter of dominoes, clink of tequila glasses, or the usual from the restaurant; hubbub of civil servants The reforms are si one of Mexico's most re- ciency, improving working

watering holes com leans against the bar surveying the barren tables. "On-a. They will also promote govgood day we would have 40 or 50 people from the foreign ministry here, playing rounds of dominoes. Lunch would last for several hours." He snorts: "What will they

want now, takeaway tacos? As he isments, Guillermo Hernandez, a foreign ministry official who used to spend hours spinning out his lunch at the U de G. is His cause for celebration is the reclamation of his pri-

ernment introduced new rules for some of its 2.8m bureaucrats that - if they stick - could transform one of those relics of a dying age

preserved: the three-tequila been compressed from 9am and leave at 10pm to be to som, with a strict 60-min- the soul of productivity."

would often start at 10am canting in downtown and end at 11pm, with hours Mexico City, but there is no spent idly waiting for the boss to return bleary-eyed The reforms are simed at tucking into plates of baby shaking up Mexico's bloated and somewhat Dickensian

Emiliano Sota, maître d'of bureaucracy, bulstering effilic servants more diligent. ernment austerity at a time tight rein on public spending because of low oil prices. In a hint of the profligacy

that once prevailed, already this year the government has hanned workers from using premium-rate telephone lines, limited mobile phone use, clamped down on first class air travel and pledged to shed 14,000 jobs. rejoicing in his office nearby. All of which, it hopes, will cut 1.9bn pesos (\$200m) from expenditure.

This week the federal gov- ministry spokesman, says the new work schedule will healthy and First World." affect some 225,000 workers in the capital, which will create marginal cost savings. "It's not the numbers, it's the labour culture of the feurs, some who worked two bureaucracy that we're after," he says. "You can't istries to double their sala-Since Monday, shifts of expect people who arrive government workers have at their offices at 9am

The economy in Europe continues to grow at a high pace. Especially those countries which are candidates for early membership in the EU. Bank Austria Creditanstalt, the international arm of Austria's largest bank, has decades of local experience and with 135 outlets the most extensive network in the region. And as a truly international bank, Bank Austria Creditanstalt offers the most comprehensive range of financial services including commercial, leasing and investment banking. To take advantage of your opportunities in Central and Eastern Europe contact Bank Austria Creditanstalt: info@at.bacal.com

BANGKOK SWINGS FROM AUSTERITY PLAN 'IT'S PRAGMATISM AND ADOPTING POLICIES AS CIRCUMSTANCES CHANGE F denies U-turn on Thai deficit spending

The International Monetary Fund yesterday denied doing a policy U-turn in allowing Thailand to swing away from an austerity programme into deficit spend-

approval by the IMF board of an increase in the maximum public deficit from 5 to 6 per cent of gross domestic prod-

Michel Camdessus, the Fund's managing director, said in Washington, where

review of Thailand's \$17,2bn escue scheme, that a new \$3.5bn fiscal stimulus package provided a much needed while preserving a sustainable fiscal position over the medium term.

The Fund originally responded to Thailand's 1997 currency crisis by demanding that it run a budget surplus in a monetary and fiscal

"It's not a U-turn - it's policies as circumstances change," said Reza Mog-

representative.

Thailand, he explained. entered the crisis with a massive current account defoverheating economy, a budget filled out by investments and a massive outflow of capital at a time when the central bank was taking speculative forward foreign currency post-

cumstances for a country (initially) alone in crisis is pragmatism and adopting different for what you do when an economy is down

The recovery programme had been modified every time a three month nomic snapshot showed this to be necessary, he argued. Thailand abandoned the

IMF's early tight money pol-But Mr Moghadam said the early strong grip brought

exchange rate would have seen the stability for the last 12 months or so if we were not as aggressive as we were with interest rate

He dismissed widespread

had multiplied the bad debt

The bad debts came from bad lending. How come foreign banks' bad debts are less than 10 per

The latest stimulus package included tax cuts se it is recognised that a cautious bureaucracy can find it difficult to spend money quickly.

The government has been right to reject exporters' pleas for the Bt37.5 to the dollar trading range the last few months

"Any competitive gain will he lost in a cost packingh

"Fundamentals will die: tate where the bahi goes. One baht depreciation pis-a -vis the dollar leads to 90ho 100bn indebtedness in bala terms for the country," he

are at record lows there wis little room for further

Mr Moghadam said lend ing rates - the key minimum lending rate is around 9.75 per cent - might have

Kansai's new airport gets that sinking feeling

The world's first offshore airport is suffering from more than just a drop in profitability. Alexandra Harney

reports

ansal International Airport the world's first offshore airport now entering its second stage of construction, is sinking into the sea faster than initially expected, according to airport authorities and engineers familier with the project.

The landfill beneath the first runway, completed in 1993, has already sunk 11.5 metres, and airport authorities say they expect it to continue to sink.

This compares with 8 metres originally expected, and a startling 18 metres expected in the land beneath the second runway due to begin construction this year.

The problem has significant implications for the future of Kansai airport, the country's second largest international airport located outside Osaka in southwestern Japan.

It comes as national and local governments, which

mired in financial problems that some analysts say could force the Ministry of Transportation to revise its policy of stimulating economic growth by building airports in remote regions of Japan. Airport officials insist the

sinking was fully anticipated and appropriate measures have been taken to prevent disrupting daily sirport

But they acknowledge that the problem has drawn the attention of the Japanese government, which has hired a group of engineers from the UK and Canada,

Nepal, Singapore, China, and Kores to tackle the problem. A senior official in the transportation ministry said: "The sinking has been worse than when the initial plans were drawn. But the sinking has gone according to sched-

However, one engineer who worked on the sinking problem said that the team of scientists was under pressure from the government to cut costs. "The problem was that they wanted to choose the cheapest (solution)," he

rocks and boulders deposited in the waters of Osaka Bay. Engineers have identified about 13 separate layers of landfill, some of which are softer than others. The softer regions have been compressed under the

veight of the airport. Kansai airport officials said that jacks were already supporting terminal buildings connected to the first runway, and that they were considering using jacks to prop up the apron area on the runway.

This was to smooth out added at the country's main

airport that had sunk faster ita, outside Tokyo, and than others.

However, they admitted that similar problems were likely to crop up in building the second runway, a 4,000metre airstrip to be built next to the first that would more than double the airport's capacity.

The Y1,560bn (\$13bn) plan, funded with funds from public and private institutions, has already fallen several months behind schedule because of opposition from local fishermen. Officials at the transportation ministry are currently reviewing a request to begin construc-

at HSBC Securities, said that Kansai's declining profitability and the withdrawal of international airlines from the airport recently, including British Airways, could damp the government's enthusiasm for further

Although the second runway was likely to be built, with the finances of the central government as they are, people will realise that it is not economic (to add more capacity). It doesn't seem to make any sense. because there is not any demand there", he said.

After new capacity is

new airport is completed in the Nagoya area in the next few years, the government's strategy of building new sir. ports in regions outside Tokyo was likely to be curtailed. Mr Hayashi added.

One official in the transportation ministry said recently that depressed adding to problems at Kansai and more than 100 other regional airports - almos all of which are operating a

Profitability at Kansal and other outlying airports has declined sharply because of reduced passenger volumes as a result of the recession in Japan and elsewhere in

bated by the high number of small and medium-sized companies located in the region around the airport, as executives

senger volume at Kansai was down 10 per cent compared with the same month

The airport was operating at a loss as of last year. In the first half of fiscal 1996 that ended last September, the company recorded

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Japan's opposition leader calls for supplementary budget

Japan's opposition leader yesterday called on the government to put together a supplementary budget in order to ensure that growth is sustainable amid eco-

nomic restructuring. Nacto Kan, leader of the largest opposition Democratic Party, said the government would need a supplementary budget focused on last mouth dealing with supply-side This ye measures and unemploy-includes Y20 ment, to provide a safety net amid widespread corporate restructuring.

"The government says the sconomy has hit bottom but of the ruling Liberal Demoterday.

we do not believe it has hit cratic Party's high-spending The LDP has brushed restructed bottom," Mr Kan said.

ways, which they have aside suggestions that it was he said.

Earlier this week, the World Bank revised its estimate for Japanese gross domestic product to negative

0.9 per cent growth. expectations that a supple-mentary budget will be required in spite of unprecedented stimulus measures included in the Y81,900bn (\$674bn) budget for 1999 which passed the Diet just

includes Y20,000bn in public works spending and tax mistic.

The Democrats themselves have been outspoken critics

warned would lead to spiralling debt for future genera-

Mr Kan'a forecast follows suggestions by the US gov-Mr Kan's call highlights ernment and private economists that a further supplementary budget may be necessary.

Even among Japanese officials, Toyoo Gyohten, a former special adviser to Prime Minister Keizo Obuchi, indicated the government's goal This year's budget of achieving 0.5 per cent growth this year looked opti-

> am less optimistic than omy does not create the kind that," Mr Gyohten said yes-

considering another supple mentary budget just weeks after the budget was

adopted. However, some LDP members are calling for further stimulus measures to counter the likely downturn when public works spending trails off later this year.

Mr Kan said that the restructuring of Japanese corporations was expected to increase unemployment. making it necessary for the rowth this year looked opti-distic. The LDP's emphasis on pub-"I have to confess that I lic works to boost the econof jobs in services needed to deal with the economic restructuring Japan faces,

NEWS DIGEST

BIG STATE SPENDING ON INFRASTRUCTURE

China's industrial output up sharply in first quarter

China's industrial output grew strongly in the first quarter of this year, as substantial state spending on infrastructure lifted industrial production. The State Statistical Bureau (SSB) reported value-added industrial output rose 10.1 par cent in the first three months of this year compared with the same period in 1998. Industrial output rose by 8.9 per cent for the whole of 1998.

A government statement sald: "Buoyed by accelerated state infrastructure investment, heavy industries posted relatively rapid output growth."

Beijing's efforts to reflate the economy through a national programme of infrastructure construction, which includes the building of bridges, railways, telecommunications and power lines, has generated demand for industrial goods and raw materials, according to officials.

However, economists noted that the broader picture of the economy remained mixed, as the evidence shows consumer demand still weak. Some analysts also fear that strong rises in industrial production could lead to a rapid Increase in stockpiles if individual demand does not

Output of colour televisions, for example, soared 48.2 per cent, the SSB reported. James Harding, Shanghal

TAIWAN AND CHINA

We are equals, says Lee

Lee Teng-hui, Taiwan's president, yesterday reaffirmed his government's policies on relations with mainland China in a defiant speech that contrasted the island's new democracy with Beljing's authoritarian rule.

Mr Lee told a meeting of Taiwan's National Unification

Council that Belling must recognise Taipel as an equal, that negotiations across the Taiwan Strait should concentrate on practical issues and that reunification could only

come if democracy took root in China. The president's remarks contained little comfort for Chinese leaders who yearn for real progress toward reunion with an island they have considered a rebel province since defeated Nationalist forces took refuge there in 1949.

Mr Lee, whom Beijing accuses of secretly hoping to formalise Taiwan's current de facto independence, contrasted the island's "rational and mature" politics and good intentions with the mainland's one-party dictatorship and deep-ening hostility. Mure Dickie, Hong Kong

PAKISTAN POWER SECTOR

Retreat on tariff rise approved

Pakistan says its western lenders have agreed to its retreat from a planned sharp increase in the tariff for electricity, once considered essential for rescuing its almost bankrupt state owned power companies.

Last month, the state-owned Water And Power Development Authority (Wapda), surprised analysts when it announced a modest 2 per cent cut in electricity tariffs, in a reversal from plans to raise electricity costs by a 20–30 per cent range, before the end of the year,

The earlier tariff plan was considered pivotal for retaining the support of the IMF and the World Bank, which are helping Pakistan reform its economy and restructure its

However, independent economists said, the large tariff increase could have been politically difficult for prime minister Nawaz Sharif's government, which is already facing criticism from the opposition parties for alleged economic mismanagement, Farhan Bokhari, Karachi

S Korea banking unions protest at mergers

About 100 South Korean leaders of the Korean Federation of Bank and Financial Labour Unions (pictured right), fearing further mass layoffs, protested against upcoming bank mergers in Seoul yesterday as labour unions again called for a general strike from April 18, Reuters reports from

Seoul.
"If the government keeps on ignoring our demands then we will begin a general strike from April 19," the hardline Korean Confedera-tion of Trade Unions (KCTU)

said in a statement. "The government should respond sincerely and immedistely to a dialogue with (the KCTU) and then the government should stop restructuring and mass layoffs that deprive workers of the right to live," the statement said.

The KCTU said its members working for state corporations would stage an April 19-23 general strike and hold nationwide mass railies for the unemployed on April 24 If its demands were not met.

More than 20,000 of work-



ncial Labour Unions demonstrate

South Korea's seasonally unadjusted unemployment ter of this year. tate in February of this year rose to a record high of 8.7 and many analysts have on Wednesday, noted progpercent from 8.5 per cent a praised the government of ress had been slow in transmonth earlier.

ers and students clashed ably if the restructuring of tor, but have criticised the with police in May Day ral-lies that turned violent last highly leveraged corpora-restructuring. the country's bloated and slow pace of corproate tions is accelerated, as expected, in the second quar- tary Fund, which approved

The International Monethe release of \$245m from its South Korea's aid donors massive loan to South Korea

President Kim Dae-jung for forming the largest chaebol, Analysts say unemploy- enacting far-reaching or family-run industrial conment could worsen consider- reforms in the financial sec-

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OFFSHORE FINANCIAL CENTRES

ending Island drive against fraud commended in New York

By Philip Jeune in Jersey

increased co-operation by the Jersey authorities against combating financial crime has been commended by John Moscow, deputy chief of the investigation division at the New York District Attorney's Office.

"I have noticed a change in their public position of considerable magnitude and this has been matched in their private actions," he said. "They have made it clear that they want to work money for people but don't with other people who want to fight crime."

His comments came after a visit to New York by Mike Wavell, head of Jersey's police authority, Bob Le Breton, the island's police chief, and Richard Pratt. deputy-general of Jersey's Financial Services Commission. Jersey, which has the ancient and unusual status of a bailiwick of the British Crown, is the largest of the Channel Islands between England and France. The island has its own legislature and makes its own

financial laws. Mr Wavell and his colleagues were keen to convey the message that Jersey is willing to co-operate with ers, willingness and determiother jurisdictions in the fight against money laundering and other types of financial crime, a challenge referred to in the recent Edwards investigation commissioned by the UK government. It covered financial including the FBL laws and regulations in the offshore centres of Jersey, Guernsey, the second largest of the Channel Islands and

England and Ireland. requirement that an alleged fraud case must involve losses of at least £2m before they will assist another jurisdiction in an investigacaused Mr Moscow concern in the past

"I'm told they've waived that," he said, "and that's the way to catch the bad

Mr Moscow believes that there is still room for improvement, particularly in regard to Jersey firms that set up companies for foreign chients. "I don't think there is sufficient focus on their part in knowing who their customers really are," he said, "If you're looking after really know how they got it that could be a problem.

For Mr Pratt, the New York trip was just one of a series of visits he is making to spread the word that Jersey is an offshore centre in which other jurisdictions can have confidence. He recently went to Washington and Brussels and has plans for further trips to meet most of the major European regulators.

"My trips have made it very clear about the value of going out and meeting people and breaking down some of the perceptions by which we are judged," Mr Pratt said. "They now understand that we have the pownation to co-operate."

In Washington, the Jersey team met senior representatives of the Securities and Exchange Commission, the Federal Reserve and various law enforcement bodies "The striking thing was

that all the agencies I saw had their copies of the Edwards report, had studied the Isle of Man between it and wanted to know what progress was being made," The Jersey authorities Mr Pratt said. "They were have recently dropped a greatly reassured by our impending legislation, especially the laws concerning money laundering and trust administration which they see as breaking new

Former executive y in first quarter, at Swiss bank is fined \$48,000

By Clay Harris, Banking Correspondent

A former co-head of Swiss Bank Corporation's global asset swap group has been fined £30,000 (\$48,300) by the Securities and Futures Authority in London for concealing a "put" option offer.

The SFA said yesterday that Baljest Janjuah, who left the bank after an internal inquiry, had "failed to" observe high standards of integrity and fair dealing." Having been instructed to reduce positions in 1997. Mr Janjuah tried to sell a Y4bn (\$33m) medium-term note.

ficult to sell, he added a in November 1997. He "put" option in an unauthorised side letter. This would have had the effect of keeping the risk with the Swiss

The Swiss bank discovered his action before the note was sold, withdrew the offer and informed the SFA. Mr Janjuah was also ordered to

contribute £9,280 to the SFA's costs. He has agreed not to seek re-registration with the SFA until May 5, one year after he de-regis-

Riad Meliti, a junior employee under Mr Janjuah's management, was reprimanded, fined £2,000 and ordered to pay 22,820 in costs.

Separately, the SFA severely reprimanded Leslie Terrence Commons, a former inter-dealer broker at Cantor Fitzgerald International for concealing short positions and losses in Italian government bonds from When the note proved dif- his management for 10 days

> A tribunal hearing into disciplinary proceedings brought by the SFA found that Mr Commons had failed to observe high standards of integrity and fair dealing. He was fined £10,000 and ordered to pay costs of

resigned the next month.

Second US company

boosts Scottish job hopes

By James Buxton in Edinburgh Morgan Stanley Dean Witter

yesterday became the second US financial services company within two days to announce a big investment in Scotland.

The company is to invest between £15m and £20m setting up a service centre at Cumbernauld near Glasgow that will create 1,000 jobs over the next five years. The announcement came a

software engineers in a £7.3m project in Glasgow. Morgan Stanley is planning a call centre to provide customer service for its credit card business in Europe where it will in due course launch its Discover

day after J.P. Morgan said it

would create 300 jobs for

card. The two inward investment announcements are good news for the Labour government as the campaign for the first Scottish parliamentary elections on May 6 gets under way. Donald Dewar, chief minister for Scotland, said the project was a massive boost for the Lanarkshire district, which includes Cumbernauld.

Tony Blair, the prime minister, yesterday accused the Scottish National party, of fundamentally lacking in honesty" after the party's Scottish perliament election manifesto offered a costed programme only for a regional administration and not for the fully independent nation for which the party is | being built near Greenwich

campaigning.
Alex Salmond, the SNP leader, indicated precise tax and spending plans for an independent Scotland would not be disclosed until after a referendum in which Scots voted for independence. Mr Blair said in Inverne

"What they are trying to do is get into government while downplaying the central purpose of their policies, but you can bet your life they then set about trying to achieve it."

The SNP's 1997 general election manifesto promised to abolish the ceiling on tions, and last week the party said it still wanted to implement the reform. It could lead to a 50 per cent marginal rate of tax for the

But Mr Salmond would only say yesterday that the SNP was committed to a progressive taxation system in which the better off "pay a bit more". He added: "The precise formulation for delivering that depends on the fiscal position and you cannot know that fiscal position pendence election."

promote Scottish trade and

reverse the 1 per cent cut in the paste rate of income tax promised for the whole UK by Gordon Brown, chancel-

equivalent firm in England.

Top Asians see their wealth on show

Community's richest 200 are said to be worth \$12bn, Sathnam Sanghera reports

ohn Matto is the 28th wealthiest Asian in the country according to Britain's Richest Asian 200 list, published yesterday. But he does not believe a word of it.

"It's only paper money and half the people on the list are probably not even worth a bag of beans," said the owner of Grasshopper Babywear, who is reportedly worth £36m (\$58m). "People's wealth on paper goes up and down like a fiddler's elbow and it's impossible to get an accurate figure. It's all just a load of hype." .

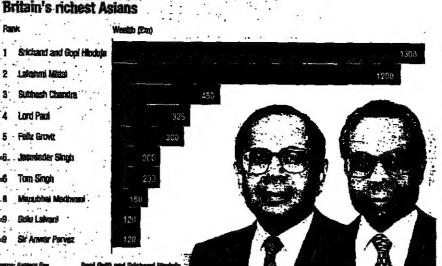
In spite of his scepticism. Mr Matto admits he is typi-cal of the Asians on the list in his meteoric rise from poverty to wealth. He said: I came to England with no money when I was nine vears old and I couldn't read. didn't like the food and I hated the environment. But

The top 200 Asians in Britain have a total net worth of £7.5bn according to the list published by Eastern Eye newspaper. The top 10 have a net worth of £4.4bn.

now I'm a millionaire."

Top position is occupied by the Hinduja family, who with £1.3bn net worth have replaced last year's number one, Lakshmi Mittal, who heads Ispat International. the world's fourth biggest steelmaker.

Last year, the Hinduia brothers, who are global 200 richest Asians is food traders in finance, industry, oil and telecommunications. controversially offered to underwrite the spirit zone of the Millennium Dome, the controversial structure at the heart of the UK's celebration of the new century



in south-east London. Church leaders in the UK the stronghold remains in were concerned that the cel- the traditional husinesses ebration of 2,000 years of such as food, fashion and Christianity could be undermined by donations from Asian community diversify seemingly secretive Hindu

4 Lord Pact

5 · Felix Growth

r Mittal, whose for-tune has dropped from £2bn to £1.2bn, has suffered as a result of falling share prices. Although Ispat International had a launch price of \$27 in the summer of 1997, its shares at one point sank to about \$7.

By sector, the leading area of business among the top retailing. The fashion sector is the second most popular and has a combined worth of 2775m. But the list is characterised by increasing diversification into sectors that are not traditional to Asian business.

of the list, said: "Although retailing, we are seeing the into other industries including finance, media, pharma-centicals and FT."

Mr Ahmed added: "Westerners tend to be embarrassed about their wealth, but Asians feel no shame about it. In the Asian community, power, respect and wealth are all rated equally."

Other Asians featured include Mohammed Sarwar. the Labour MP for Glasgow Govan, who with a net worth of £10m is equal 90th in the list.

Lord Alli, who became Britain's youngest nobleman last July, is equal 135th with Sarwar Ahmed, publisher considered to be the most now he is 20th.

influential Asian in Britain. Salman Rushdie is new to the list, entering at number 151 with an estimated wealth of £5m. The Indian-born author of The Satanic Verses is said to have received £1m for his new novel, The Ground Beneath Her Feet and can hope to earn up to 25m more this year if he

diaries. Perween Warsi. founder of SA Foods, the chilled and frozen food company, is the highest placed woman in the list. With an estimated net wealth of £35m, she is joint 29th. Her husband, who is a doctor, gave up his job to work for

chooses to publish his

The fastest climber is James Caan, who founded a net worth of \$6m. He is a tive recruitment consulclose friend of Tony Blair, tancy, in 1985. Last year he the prime minister, and is held the 153rd position, but

Directors to win chartered status

By Jane Martinson, Investment Correspo

Directors are set to join accountants and other chartered professionals after the Institute of Directors won approval yesterday for a new professional standard for

board members. The institute is to accept applications later this year for what it claims is the world's first professional standard for directors after winning the support of the Privy Council, which advises Queen Elizabeth on royal charters. After changes to the institute's 93-year-old royal charter, directors will be able to apply for

chartered status. Mark Watson, corporate governance executive at the IoD, said the move was intended to increase the professionalism of UK directors. The plans were intended to differentiate about 1m people in the UK who call themselves directors. Only 400,000 work for companies large enough to have board meetings; 14,000 sit on the

boards of listed companies. Mr Watson said that while Australia operates a professional diploma for directors, similar to that already offered by the loD, no other country offered a chartered qualification.

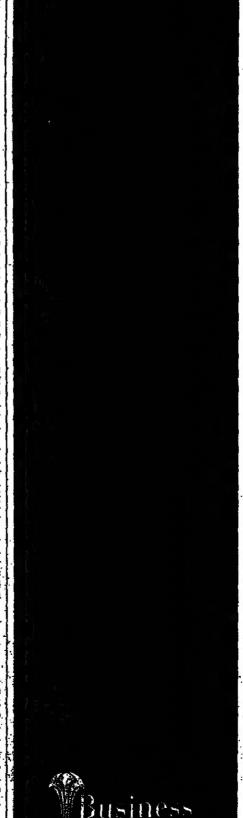
Any director with at least three years of board experience can apply for the title. They will then sit an examination and other tests. After reaching chartered status, directors will have to submit to 30 hours of professional development courses a year.

until the time of the inde The manifesto promises to use the Scottish parliament's power to increase the basic rate of income tax by one pence to boost spending on

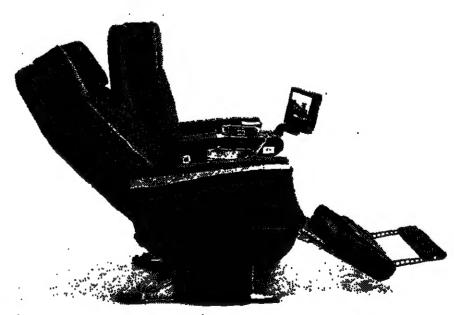
education and health. Other proposals include establishing a network of commercial embassies to

introducing proportional representation for municipal CBI Scotland, which repre sents businesses, appeared to criticise the proposal to

lor of the excheque lain McMillan, the organisation's director, said a small unincorporated busi ness paying tax at the basic rate would face a liability 4 per cent higher than an



Alone at last.



Probe into TV show sales

in London

An inquiry into sales of British television programmes outside the UK was launched yesterday.

The government inquiry will be chaired by Chris Smith, chief minister for culture-It follows a report yesterday by David Graham and issociates, the consultancy; highlighting the difficulties faced by programme export-

The report said the television trade deficit widened to £272m (\$438m) in 1997, the

Although the UK was the world's second biggest exporter of television programmes, the report said, it faced several hurdles if it was to reverse an "overall trend towards greater deficits". The deficit is worsen-

reliance on imported programmes for cable and satellite television.

The study found that international broadcasters were reluctant to buy a lot of British drama, which they described as too "dark" or

British comedy, likewise, is losing its appeal in territories where it has previously succeeded. "Our mainstream comedy production has begun to dry up," the report continued.

Executives at a Dutch television channel were critical latest year for which figures of British comedies at recent screening, commenting that programmes were "more irritating than funny", or "just

not funny". Charles Brand, managing director of Tiger Aspect Productions, which makes comedy series for the BBC, said parts.

ing because of an increesing he simported many of the report's conclusions but thought that some of the most peculiarly British comedy succeeded best interna-

He cited Mr Bean and Basil Fawlty as two British comic characters who are understood and loved "I'd rather have a British

television industry that is excelling at what it does for its British audiencethan have something that is mid-Atlantic that will end up a pale imitation of what the Americans produce." he added.

However, he backed the

study's verdict that British programme-makers found it difficult to export series because broadcasters in this country do not commission many episodes as their international counterTry Iberia's new Intercontinental Business Class and enjoy a world class experience on a world class airline. Discover the sense of privacy Iberia gives you with 132 cms. of room between your ergonomically designed seat and the one in front. Relax in style and made-to-measure comfort wiling away the time watching films; sports or news on your individual video screen, make a call from your seat on your personal telephone or treat your palate to a Mediterranean Cuisine inspired choice of three menus, amongst many other possibilities. And when you've landed and had time to reflect, you'll have no doubt as to why Iberia is today one of the leading business airlines of the world, www.iberia.com

N. I TO SPAIN AND LATIN AMERICA

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AEROS

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Central bank cuts rates again

By Richard Adams Economics Staff

The Bank of England, the UK central bank, yesterday cut interest rates for the sixth time in seven months - and left open the possibility that there may be more to come. The Bank's monetary policy committee voted to reduce short-term lending rates by a quarter-point, trimming the Bank's repurchase rate to 5.25 per cent. In a break with recent practice, the Bank declined

to make a statement explaining its action. It said the public would have to wait until the minutes of the meeting are published in two

The committee has now cut rates by 2.25 percentage points since last October. The move was widely expected, but doubts had been raised by recent data showing rising house prices. robust service sector activity

The government yesterday

ordered an inquiry into the

effects of mobile phone use

on health after evidence that

radiation from cellular hand-

sets may affect users' brains.

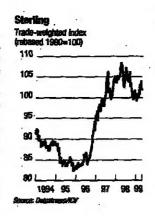
Protection Board was

ordered to set up a working

experts to identify areas

where further research could

The National Radiological



and a rebound in consumer However, the committee may have been more worried by revisions to estimates of activity in the fourth quarter of last year - which showed output growing by just 0.1 per cent compared with the

previous quarter - and weaker earnings growth. The continued strength of

ell, minister for public

health. "To date there has

been no consistent evidence

suggesting a risk to health

but there is continuing pub-

lic concern about the possi-

The Federation of the Elec-

tronics industry, represent-

ing most manufacturers of

operations in Britain, vester-

day welcomed Ms Jowell's

There are about 15m

group of independent mobile handsets with

interest in the effects of mobile phone users in the

phones has UK and the number is expec-

Interest rates

sterling against the euro and the dollar - which has caused difficulties for exporters - has also been a serious concern for the bank. In its minutes of last month's meeting, the committee agreed that there was a case for further cuts if sterling remained strong.

Mobile phones' health impact to be probed

There have been fears that

microwave radiation, emit-

ted by mobile phones, could

be implicated in the develop-

ment of brain tumours.

short-term memory loss,

skin complaints and head-

aches. No authoritative evi-

dence has been published

But research by a team at

Bristol University, published

this weekend in the Interna-

tional Journal of Radiation

implicating mobile phone use in any of these com-

said: "If the weakness of the euro or the strength of the pound is sustained, the Bank of England will probably lending rates. The Nation-make further cuts." lending rates. The Nation-wide building society [mutu-After the rate cut was

announced, sterling firmed against the dollar above \$1.605, while interest rate future contracts moved to anticipate a further cut in rates to 5 per cent by the

But some analysts now think the bottom of the cycle of cuts may have been reached. "The worst is over for manufacturing - and the worst was not that bad." said David Mackie, UK economist at the J.P. Morgan investment bank

Business interest groups welcomed the Bank's move, but both the Confederation of British Industry, the UK's principal employers' organi-sation, and the British Martin Weale, director of Chambers of Commerce

mobile phone use may speed

The team, led by Dr Alan

Preece and sponsored by the

trade and industry depart-

ment, suggests the effect

may be due to localised heat-

ing of brain tissue. The

study, yet to be confirmed by

other researchers, did not

detect any effect on

compared to 600 watts or

There have been sugges-

more for a microwave oven.

Mobile phone power levels

short-term memory.

up reaction times.

gage lenders declined to follow the Bank's reduction with immediate cuts in their ally-owned home loans and savings institution) and Halifax bank both said they would wait before making an announcement. Virgin Direct was one of the few to announce an immediate cut in its standard mortgage rate, from 6.7 per cent to 6.45 per cent. Interest rates were

when the Labour government dropped rates to 5 per Consumers have reacted to the earlier rate cuts with increased optimism, according to a quarterly survey out today. Business Strategies consultancy said confidence had increased in all regions

tions that this tiny amount

of radiation could cause sig-

nificant temperature

increases in small areas of

the brain, with unpredict-

able effects on cell proteins

to date has failed to show a

convincing connection between radio waves and

cancer or memory changes

in humans, Researchers say

the amount of brain heating

wave radiation would be less

than that experienced after

moderate exercise.

But all published research

or nuclear DNA.

are very low - one watt, to be expected from micro-

last this low in 1994, and last

below 5.25 per cent in 1977,

Grocery retailers referred to competition watchdog

By Peggy Hollinger in London

The government's fair trade watchdog said yesterday it was concerned about a lack of competition in the grocery retailing sector, as it referred the industry to the Competition Commission.

John Bridgeman, director general of the Office of Fair Trading, yesterday confirmed his decision to refer the £60bn (\$96bn) a year industry - which excludes petrol, clothing and financial

The inquiry, to take at east a year, will cover 25 national and regional retailers. including Marks and Spencer, Iceland, Somerfield and the "big four" - Tesco, J Sainsbury, Asda and Safe-

Most supermarkets said they were not surprised at the decision and claimed to be confident the commission would give the industry a clean bill of health. "When the report comes out, they will see that this is a highly competitive industry," said David Simons, chief execu tive of Somerfield.

David Reid, deputy chair man of Tesco, the market leader, said the inquiry would "cast a shadow over the industry but we believe we have nothing to hide".

He admitted supermarkets often controlled large shares of regional markets but said this did not operate against Other retailers suggested

the inquiry followed a government-orchestrated campaign. One executive accused the Treasury of fuelling a debate over pricing simply to win popular sup-

"We know where this is coming from," he said. "It is Gordon Brown [the chancellor of the exchequer] and his mates going abroad and thinking they see cheaper

"One has to worry when politicians start interfering in industry. You never know where things will end up." But Mr Bridgeman said the OFT's eight-month inquiry into the big four's

profitability which requires further investigation". He accepted that supermarkets had brought greater choice. But, he said, their size had also brought "tre-

mendous buyer power...I

have had concerns for some time that this power may

become exploitative". He was also concerned that prices were "often set to match competitors rather than undercut them, particularly in catchment areas where consumers have a limited choice of supermar**NEWS DIGEST**

NORTHERN IRELAND

IRA angers relatives over graves of 'disappeared'

The Irish Republican Army is refusing to disclose the locations of the graves of nine of its victims, relatives of the dead said yesterday. The IRA said last week that it had discovered the graves of nine people whom it had killed after "arresting" or "court-martialling" them in the 1970s and 1980s.

According to one of the families of "the disappeared" the IRA said it would not reveal the whereabouts of the bodies until the Irish and British governments had passed legislation giving legal immunity to those identifying the sites. Mary McClory, whose son John was saized in 1978 for allegedly stealing IRA weapons, said: "After all these years I had my hopes up - the IRA shouldn't have done that to me if they weren't ready to end the misery." Helen McKendry, whose mother Jean McConville was abducted from her home in 1972 after comforting a dying British soldier and never seen again, said: "I just want to see an end to this and I'm mad now, mad and really angry that we are still being held up." John Murray Brown, Dublin

PHARMACEUTICAL INDUSTRY

Plea over new drugs supply

The pharmaceutical industry yesterday pleaded for new drugs to be made available on the state health service "for patients who need them", even when Nice, the new National Institute for Clinical Excellence, rules against them. Michael Bailey, president of the Association of the British Pharmaceutical Industry, warned that without such an approach the uptake of new products would be

The government is proposing that the institute will divide new drugs into categories. The first would be where a drug was recommended as clinically cost-effective for routine use, or for specific indications or groups of patients.

The industry has no objections to such a move. But the second category would restrict a drug to use in clinical trials to answer specific questions about its costeffectiveness or targeting. The industry wants this category amended so that such drugs would be routinely available "subject to further research". Nicholas Timmins, London

ACCESS TO FINANCE

Third of companies 'unhappy'

Only 5 per cent of companies have a bad relationship with their bank, but a third are unhappy with the choice of finance available to them, a survey of 1,331 members of the institute of Directors suggests. The IoD survey, ased yesterday but conducted in January, suggests that access to finance remains a particular problem for small firms because they typically lack physical assets which can be used as collateral against loans.

Richard Wilson, the IoD's Susiness Policy Executive. said the report also showed that entrepreneurs find it difficult to raise small sums of venture capital in the region of £50,000 (\$80,500) to £200,000. The report says that retained profits and capital invested by owners and or shareholders are the most popular sources of finance.

While 57 per cent of large companies used term loans to finance their operations, the comparable figure for companies with fewer than 9 employees was 23 per cent. This suggests that the trend for businesses to use loan finance rather than overdrafts is more closely associated with large companies than small firms. Kevin Brown, London

BUSINESS AND ENVIRONMENT

\$12.5m scheme announced

A £7.8m (\$12.5m) scheme to support new technologies that will reduce the impact made by business on the environment was announced by the government yesterday. John Battle, energy and industry minister, said that the three-year scheme aims to encourage technological innovations that will improve efficiency in the use of resources and produce less waste and pollution.

It also aims to help businesses achieve greater social equity in their operations and products. The sustainable technology initiative will also cover social and economic research into barriers to the take-up of sustainable technologies. Vanessa Houlder, London

Ford under pressure at top of new car market

By John Griffiths in London

Ford's domination of the new cur market is coming under mounting pressure. This is despite its new Focus model becoming the market leader for the first time in March and its 38,000 registrations since going on sale last October setting a record for the first six months for any car in its

With its Flesta model topping the charts for the first quarter of the year as a whole, Ford retained its overall market leadership in the year's first quarter. But its share fell to 17 per cent from 18.5 per cent in the same quarter last year - it held more than a quarter of and is now fewer than 4 percentage points behind the Vauxhall offshoot of General outselling by three to one. On a year-on-year basis.

Rover's share for March slipped to 7 per cent - well behind third placed Peugeot from more than 10 per cent the previous March. But it might at least be bottoming out. Its share was just under per cent during January and February. As British Leyland, it once commanded bulf the market.

The underlying message of this year's first quarter figures is that the new car market, once almost totally dominated by the "big four" Vauxhall and Peugeot, is being broken up by a wider imports. In many cases these using well ahead of Rover, leaders' positions.

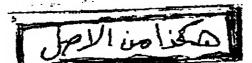
		Mar 199	9	Mar 98	Jan-1	Mar 199	9 Ja	n-1637
	Volume	Chg	Share %	Share %	Volume	% Chg	Share	Shari
Total Murket	370060		100	100	635942	2.1	100	700
UK Produced	105031	45.0	28.4	33.9	180335	-12.5	28.4	33.1
imports	265029		71.6	66.1	455607	9.5	71.6	66.9
Jopanese makes		64.1	7.2	7.7	43525	-4.2	6.0	7.3
Ford group	6757	60.5	18,3	19.7	110522	-72	17.4	19.1
Ford	96137	81.6	17.9	19.2	108352	-6.0	17.0	18.5
Tathrat	1434	22.0	0.4	0.6	2170	-42.5	0.3	0.6
General Motors		70.6	13,7	14.0	90534	5.3	14.2	13.8
Vaustrali	47533	69.5	129	132	85482	6.4	13.4	129
Sanh	3263	8.88	0.9	0.8	5052	-10.5	8.0	09
BWW GED	39911	36.3	10.5	13.4	64983	-17.7	18.2	12.7
BMW	13018	93.1	3.5	3.2	22145	6.3	35	3.3
Rover	25892	18,8	7.0	10.2	42838	-26.3	6.7	93
Pengeot grp	44381	78,5	12.0	113	75716	4.0	11.9	113
Paugeot	30862	79.7	8.3	8.0	53481	6.8	8.4	8.0
Citroen	13519	75.7	3.7	3.6	Z2237	-22	3.5	3.7
folkswagen grp		118.5	9.6	7.6	66078	24.9	10.4	8.5
/olicenspen	23807	149.2	6.4	4.5	45833	47.7	7.2	5.0
Audi	4832	37.0	1.3	1.7	9964	-20.0	16	2.0
Skoda Seat	2475	25,4	0.7	0.9	3912	-28.2	06	0.9
	4293	274.3	1.2	0.5	6369	60.6	1.0	Q.E
Renault	31387	81.4	8.5	7.7	53368	29	8.4	8.3
lat group	14815	78.3	4.0	3.9	26344	8.3	4.1	3.9
Flat	13378	73.1	3.6	36	23769	5.2	3.7	3.6
VIa Romeo	1437	113.5	0.4	0.3	2575	48.2	0.4	0.3
Clean	17650	1130	4.8	3.9	26645	3.7	42	4.1
oyota	12584	100.7	3.4	2.9	21883	11.2	3.4	3.2
londa	10963	105,7	3.0	2.5	19131	18.6	3.0	2.6
dercedes Benz	9292	1128	2.5	20	17019	21.3	2.7	23
fativa	6437	106.1	1,7	1.5	10906	10.5	1.7	1.5
lazda -	5137	86.8	1,4	1.3	7240	-8.4	1.1	1.3
Corsan explore . CM holds 50% of lecturer ? Will hold	9382	80.2	25	24	14768	34	22	23

company car users granted freedom of choice by their

is reflected in the big market share gains being recorded

and the Volkswagen group whose VW, Audi. Seat and Skoda brands are collectively challenging for third industry analysis says this in the race for market leadership, with a combined share of more than 11 per by Continental importers cent. Steady gains by Toyota producers Ford, Rover, such as Renault, whose reg. and Honda, each bringing istrations in the first quarter additional models on stream - at more than 8 per cent of at their UK plants are furand more successful array of the market - are now run- ther eroding the traditional





Happiness, by contrast, Noe's movie (festioned with surely looking at a backlash, War Zone. But festure films

outcome vignettes, kill his about the sanctity and

bigot, we need not rush to makers, be saying: "Enough.

endorse this credo. But such Children are human beings.

oriented, but also spreading made by The Ice Storm)."

prizes, we need hardly add)

is a multiple-choice montage

in which we watch the

butcher hero, in alternative-

daughter and/or have sex

with her. Purity is achieved.

the final voice-over asserts,

by trampling the last taboo.

Since the protagonist is pres-

is the film's power, we may

not be able to stop it haunt-

obsession with taboo-testing

sexual mores - mainly child-

ing us either.

A MADUSTRY

MAKE

地 结次的形式 scheme announce

84 S

وهوا والمراجع والأجرا أوافج

最後でもこと

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ear marke



Apr 9 4 Netherlands Opera, Het Muziektheater Tel::31-20-551 8911

BERLIN DANCE Deutsche Oper Tel: 49-30-34384-01 staging of The Nutcracker, Apr



Rushing into the no-go zone

Nigel Andrews considers why so many cinematic taboos are being broken so fast

becoming our daily bread, and for some their daily iread. It is an amazing time for cinema. As one taboo after another bites the dust, we wipe our eyes and wonder. From serious problemtopics such as child abuse, paedophilia and incest to i-don't-believe-it shots of filmgoers for over a year: coital penetration or flying they were present, though sperm . . . pick your no go not graphically depicted, in area, movies are entering it. in the age of Happiness. Saul Contre Tous and Idiots (to name but three of a ser. dozen examples), no less remarkable than the trend, about child abuse primed at character in the movie. His has been the response. Or rather the diffuseness of it. onate in Britain after spreadquantifiable merely by totfing up the barrier-crunching movies of the past 20 months - we don't even

commentators donning 100 thinking caps? The occasional handwringing essay on censorship from the right (Daily Mail) or bell-ringing welcome for freedom from the left (The Guardian, Sight and Sound) hardly seem adequate to the occasion. They also address symptoms and effects rather than causes and essence. They ask: "What should we do with the manifestations?" When the question, or first question, should be: "What exactly is

Crash - not resulted in 100

manifesting itself?" implicit in that question is another. "Why now?" Why in the late 1990s, 30 years after the century's official Permissive Decade (which now seems tame in compartson), are prohibitions tumbling? And on the small screen, not just the large.

Subjects discussed or Channel 4's Queer As Folk depicted on screen are has pushed the envelope of gay explicitness so far that there is no envelope left; just a crumpled stamp and a dazed four-word address, "Nirvana of no return".

In the cinema, free-expression apocalypses multiply. Child sexuality and incest have been creeping up on two Cannes-premiered art movies in 1997, The Ice Storm and The Sweet Hereaf-. This year another film

Cannes (1996) is about to det-America: Todd Solondz's Happiness topening next week). In addition, Denmark's Cannes Jury Prize winner Celebration, whose have to go back as far as plot turns on a father's carnal violation of his children. lately opened in the UK and US. And Tim Roth's The War Zone picked up awards at the recent Berlin Film Pestival, where judges were unfazed by an explicit central scene between a father

and his teenage daughter. The quality of these films makes dismissive indienation impossible, just as their arthouse provenance may explain why controversy hasn't yet spilled on to the streets. This is not a rerun of the video-nasty era. Back in the late 1970s/early 1980s, bowdlerisers boasted the morai high ground. Anticensorship crusaders had to speak up for the right to self-expression of lowestcommon-denominator trips such as Zomble Flesh Eaters, I Spit On Your Grave and SS

which won the international Critics Prize at Cannes, is a witty, compassionate, serious tragicomedy with an Altmanesque range of characters. US commentators performed a dance of agony - should they applaud or condemn? - over scenes like that in which a father confesses to his son that he has drugged and deflowered one of the boy's male schoolfriends. (More than one, it soon turns out,) The father, though led off to jail at the close, is portrayed and played as the most human

actions are not condoned,

but nor are they glibly into the orginatic (Idiots), the promiscuously or graphi Good art is about making us acknowledge and explore what is: it confronts us with the real, not the

idealised or prescriptive. Sex is a major

motor function of human behaviour

The Wor Zone is bleaker than Happiness and less skilfully styled: actor Tim Roth directs by planting the camera in underlit rooms and letting the actors get on with the ill-nourished script. But we never doubt the film's seriousness. And as speciators we bring more than prurience - a sense of awe and horror, a struggle to understand - to the scenes of

father-daughter sex. Add the French film Seul Contre Nous by Gaspar Noe to the litany of incest/pederasty movies and one can legitimately ask: "What is going on?" The last scene in .

cally gay (Queer As Folk, High Art), the hardcore (erection shots in Sticom and

a virtual no-man's time?

But there is more. We are

Idioss) and the comical-axplicit (shots of leaping sperm in Happiness, the hair gel scene in There's Something About Mary) - is surely down to two things. A new millennium, like a new century, is a heady proposition and fin de siècle art has always been attracted to the risky and impudent. History is about to die and be born again - what better time for moral amnesties, for a heroic

even a ghostly complicity,

between a guilty father and a sobbing son seeking understanding. Only a libertine, we emphasise, not a liberal, would fail to draw a distinction between taboo-breaking films that celebrate consensual grown-up sex and darker movies that anatomise exploitation of the young or vulnerable. TV's NSPCC ad campaign in the UK has flutter with the forbidden in as much right to hog the

screens as Happiness or The

even worthy propaganda. They try to show all the human facets of a disturbing topic: the mind and heart of the exploiter as well as those of the exploited. Good art is about making us acknowledge and explore what is: it confronts us with

artist-led, against an era that go further than propaganda,

has been marked by relent-

less moralising. Lectured

silly since the late 1980s

purity of children - a paedo-

centrism that has led to

everything from witch-

hunted parents to false-

memory furors - the world

not little messiahs. They can

as in the Bulger case. And

ens. Punish their abusers.

Keep paedophile acts crimi-

nal. But accept, too, that

children can occasionally

appear to be complicit, as

the daughter is in The Wor

Zone: that children are born

ented as a demented, victous may finally, through its filmthe real, not the idealised or prescriptive. Sex is an importent motor function of human behaviour. The more brutalise. They can even kill. that its artistic expression is repressed, as it was in the The screen's current they have erotic instincts 1980s/early 1980s by the chill long before parents think that descended on sexual they do is point bravely freedom with Aids, abetted by the shibboleths of politi-Protect children by all cal correctness and the more line feminism, the more the topic will break cover at the next opportunity and very for lost time.

The cinema's new explor-

ative energy may not confine with sexual curiosity; and that the moral relationship itself to low-budget arthouse between grown-up and child films. The scenes of samemay be harmed rather than sex intimacy in a semimainstream comedy like enhanced by polarising the adult and pre-adult worlds Bedrooms and Hallways into Experience (bad) and would have caused a previ-Innocence (good). That is the ous generation to faint in brilliance of Happiness: the the aisies. And summer 1999 suggestion of a balance of may produce the biggest crossover cause célèbre of all. compassion and insight, What should Stanley Kubrick, the man who made art cohabit with studio money, have left us as his last cine-testament but a film in which sex comes to the movie mainstream? Tom Cruise and Nicole Kidman without clothes, without (it's rumoured) inhibitions, in a tale of private fantasies made real. This is a dangerous, exciting, provocative time for ticket-purchasers. Queue now while freedom

Fine Hamlet but where's the heart? THEATRE

ALASTAIR MACAULAY

Some actors have Hamlet thrust upon them, but not so 1990s through stage work don't lough. Or even smile, and through film; and his And so this protagonist, who qualities - nobility of spirit, good looks, vulnerability, light wit, the persona of a keen scholar and shy undergraduate - all equip him to play the most famous protagonist in world drama. In the event, he proves the best English-speaking Hamlet that London has seen for four years, and he belongs to the best English-speaking production of Hamlet that London has seen during the same period. The play has scale and import again.

But not heart. Laurence Boswell's production and Ed Devlin's designs make Hamlet out to be one of the most modern persons in the play amid a period-look court yet Rhys never feels that

He is surrounded by a argely excellent cast. With Horatio, Laertes and Polonius. Shakespeare's lines seem new-minted; with Gertrude and Claudius, the ing, disturbing, Rhys, however, has neither the communicative immediacy nor the mental force to match them, let alone to fill his role. He brings to Hamlet a light tenor voice, slightly too reedy in timbre to carry so long a role interestingly, but with an affecting natural vibrato; and his voice is so placed in the mask of his face that it always sounds

spontaneous. But he employs a peculiarly prettified diction, a super-refined BBC Welsh English, that sets him apart from us and from his colleagues. You simply cannot hang on to his soliloquies, partly because you are distracted by his utterance; smile, and be a damned villain", it is not his sense but would like to see this Hamler his syllables that command again, but - to my surprise

every scene with Horatio (Richard Lintern) and Polonius (Robin Soans), it is his opposite number whose every word commands attention. When this Polonius is unintentionally absurd, you laugh out loud. When this Hamlet scores witty points Paul Rhys. This still young at Polonius's expense, you actor has risen during the see that he has wit; but you should have the inner ear of the audience, speaks to us instead from a strange dis-

> Rhys is an intelligent actor. Though he could coast through roles on sheer pretty-boy glamour, he increasingly eschews glamourabsorbed by his characterisation: a student red-eyed with weeping, the sudden brief shy smiles and then the nervously downcast eyes, the modest authority. Gradually, however, as the production illustrates bis increasing alienation from the court, his character grew less interesting. The falsetto giggles and squeaks, the pained distinction of manner, the wry way of taking Yorick's skull into the bath with him: all these were clever ideas of whose cleverness Rhys never shows us the point.

Boswell, directing, must take some of the blame. But words are poignant, absorb- I like very much the economy and shape of the rest of his production. The appearance of the Ghost has impact: the Fortinbras scenes show the wider politi-Polonius household has intimacy: Claudius (Donald Sumpter) and Gertrude (Suzanne Bertish) give surprisingly multi-faceted, quiet readings of their roles; and Richard Lintern's Horatio is the most natural and modern character on stage.

As usual, alas, the (verelusives role of Ophelia falls into two halves: Megan Dodds is too pallid and contained at first, then too artful and fakey in the mad scenes. Devlin's designs distinguish between the battleideal simplicity and force. probably, as today, make up attention. Particularly in - not because of its Hamlet.



intelligent: but Rhys doesn't quite carry the role off Nigel Norrington

INTERNATIONAL

Arts Guide

AMSTERDAM

DANCE Het Muziektheater Tel: 31-20-551 8911-Dutch National Ballet: programme combining the Dutch premiere of 'Acts of Light' by Martha Graham, with the world premiere of Krzysztof Pastor's Bitter Sweet', and Balanchine's 'Symphony in C';

Otello: by Verdi. Conducted by Carlo Rizzi in a staging by Klaus Michael Grüber, with sets by Eduardo Arroyo and a cast led by Vladimir Bogachov and Timothy Nobel, Apr 10, 13

Tokyo Ballet in the German. premiere of Maurice Béjart's

BONN EXHIBITION Kunst- und Ausstellierushall der Bundesrepublik Deutschlund Tel: 49-228-917 1200 www.kah-bonn.de High Renaissance in the Vatican. Art and Culture at the Papal Court (1503-34). Works from the early 16th century, which saw Rome establish Itself as the

centre of art in Europe, with the

artists as Leonardo da Vinci,

Apr 11 .

Michelangelo and Raphael; to

Vatican commissioning works by

GENEVA DANCE Bâtiment des Forces Motrices Tel: 41-22-418 3000 Ballet du Grand-Théatre de Genève: La Bayadère. New staging by Etienne Frey, with designs by Gérald Poussin. With the Orchestre de la Suisse Romande conducted by Thomas Rösner, Apr 9, 10, 11, 12, 13, 15

LONDON CONCERTS Barbican Centre Tel: 44-171-638 8891 www.barbican.org.uk London Symphony Orchestra: conducted by Michael Tilson in works by Charles Ives, Carl Ruggles and Bruckner, Apr 15

Royal Festival Hall Tel: 44-171-960 4242 Academy of St. Martin in the Fields: Sir Neville Marriner. celebrates his 75th birthday. Programme includes works by Mozart, Britten, and Mendelssohn; Apr 14 BBC Philharmonic: conducted by Yari Pascal Tortelier in a programme of British works, featuring the BBC Singers; Apr 10

 London Philharmonica Orchestra: conducted by Leon Botstein in works by Wagner, Khachaturian and Dyorak Apr 9 London Philharmonic *... Orchestra: Sir Roger: Novingford conducts Haydn's Creation:

EXHIBITION Hayward Gallery Tel: 44-171-261 0127 www.hayward-gallery.org.uk Patrick Caulfield; major, retrospective of the British pop artist; then touring in Europe and the US; to Apr 11. 12

London Coliseum Tel: 44-171-632 8300 Mefistofele: by Boite. Conducted by Oliver von Dohnányi in a new staging by lad Judge, Apr 9, 15 Salome: David Atherton conducts Richard Strauss' opera, starring Vivian Tlemey as Salome in David Leveaux's production; Apr 10

English National Opera,

LOS ANGELES CONCERTS **Porothy Chandler Pavillon** Tel: 1-213-385 3500 www.laphil.org
Los Angeles Philharmonic: conducted by Hans Vonk in works by Webern, Mozart, and Schubert, with piano soloist Lars Vogt, Apr 10, 11 Los Angeles Philharmonic:
 Emmanuel Krivine conducts with

Apr 15. MADRID EXHIBITION Fundación Juan March » Tel: 34-91-435 4240 Marc Chagall: Jewish Traditions 40 paintings by the

Russian-Franch painte

Martha Argerich on piano in works by Richard Strauss;

1976; to Apr 11 MUNICH CONCERTS Philharmonie Gasteig Tel: 49-89-5481 8181 Munich Philharmonic Orchestra: conducted by Yakov Kreizberg in works by Schubert, Mozart and Shostakovich. With piano

soloist Mitsuko Uchida:

Apr 10, 13, 14

produced between 1909 and

NEW YORK EXHIBITION. Metropolitan Museum of Art Tel: 1-212-879 5500 www.metmuseum.org Our New Clothes: Acquisitions of the 1990s. Includes works by American designers Geoffrey Beene, Calvin Klein, and Giorgio di Sant'Angelo; to Aug 22

OPERA Metropoli Center Tel: 1-212-362 6000

www.rnetopera.org

 Susannah: by Floyd, James Conion conducts a new staging by Robert Falls, with a cast led by Renée Fleming and Samuel Ramey, Apr 9, 13 The Queen of Spades; by Tchaikovsky. Conducted by Valery Gergiev in a revival of Elijah Moshinsky's staging. designed by Mark Thompson. The cast is led by Placido Domingo Galina Gorchakova and Olga Borodina; Apr 10, 15

New York City Opera, New York State Theater Tel: 1-212-870 5570 www.nycopera.com Intermezzo: by R. Strauss. New staging by Leon Major, with sets by Andrew Jackness and costumes by Martha Mann. Conducted by George Manahan; Apr 13

 Madama Butterfly: by Puccini. Conducted by Guido Johannes' Rumstadt in a staging by Mark Lamos first seen in November. with sets by Michael Yeargan and costumes by Constance Hoffman; Apr 15

PARIS **OPERA** Opéra National de Paris, Opéra Tel: 33-1-4473 1300 www.opera-de-paris.fr Lucia di Lammermoor: by.

Donizetti. Conducted by Bruno

Campanella in a staging by . . .

Andrei Serban and Robert Carsen, with designs by William Dudley; Apr 11, 14

PERUGIA...

EXHIBITION Galleria Nazionale dell' Umbria Tel: 39-075 574 1247 Beato Angelico and Benozzo Gozzoli: Renaissance Painters. Organised to mark the 500th anniversary of Fra Angelico's death, this show includes missing sections of his Polittica dei Domenicani, lent by the

Vatican so that the restored

polyptych can be seen in its

entirety; to Apr 11

ROTTERDAM EXHIBITION Kunsthal Tel: 31-10-440 0300 Weegee: New York night life in the 1930s and 1940s is featured in the pictures of the American photographer. People pictured include musicians, strippers, and

celebrities; from Apr 10 to Jun 20 TOKYO

DANCE NHK Hall The Royal Ballet: the British company's tour opens with Swan Lake; Apr 11

TORONTO **OPERA** Canadian Opera Company, Hummingbird Centre Tel: 1-416-363 6671 WWW.COC.CB .

The Golden Ass: by Randolph Peters, World premiere, With a libretto by Robertson Davies, based on the ancient fable. The director is Colin Graham and the conductor is Richard Bradshaw; Apr 13, 15

VIENNA. OPERA Wiener Staatsoner Tel: 43-1-51444 Macbeth: by Verdi. Conditated by Simone Young in a staging by Peter Wood: with a cast led by Leo Nucci and Eliane Capitio:

TV AND RADIO WORLD SERVICE BBC World Service radio for Europe can be received in: western Europe on medium wave 648 kHZ (463m)

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● Business/Market Reports: 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20; 14:20.

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

represented in the European

Union. And what is to be

right to English MPs? On

what basis does Scotland.

richer than many English

of public spending?

logic of Mr Blair's

cultural lives. The

institutions.

regions, claim a higher share

There are answers to the

revolution. The way nations

catch up with the revolution

in our economic, social and

19th-century model of the

nation state has been left

behind by the tidal shifts of

the 20th. The global reach of

economic power demands a

similar remaking of political

Power is being driven

upwards to supranational

European Union, But people

also want democracy closer

become, the more local we

to home. The more global we

want to feel. The institutions

of the old nation state have

to adjust, to provide both a

between the new centres of

conduit and a buffer

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institutions like the

govern themselves has to

questions. They lie in the

deeper, largely unspoken

the environmental

done if Scotland, say, rejects

AER

Union about what's meant by subsidiarity. - and one day they will they will do so with a jolt. The centralised unitary state on which Britain built its

empire will have gone for good. Far less certain is the context and coherence of the political settlement which replaces it. The boundaries between new and competing centres of power are unmade. The break-up of Britain - the dire prediction of constitutional reactionaries – is far from inevitable. Yet it is possible. Starting a revolution is easy. The snag is you never know

populace is promised more

democracy. Yet reform of the

nation's political institutions

has stirred as much passion

in the nation as that arcane

When the people wake up

debate in the European

where it is going to end.
This explains an acute unense felt elsewhere in western Europe, Spain, struggling to survive



PHILIP STEPHENS

Missing emotions

It is worrying that Tony Blair's constitutional revolution is being conducted with so little passion, and no idea of where it will end

A revolution rolls on and a Catalan and Basque nation sleeps. Tony Blair's separatism, lives in dread of government has rewritten the rise of Scottish the rules of British politics. nationalism. The Italian An ancient, stultifying government likewise fears constitution has been torn the British experiment will up. Yet its replacement is at be grist to the mill of the separatist Northern League. best half-drawn. Even for its supporters, this uniquely In France, where power is unnoticed revolution should hoarded at the centre, there be cause for trepidation as is incredulity. How could well as celebration. such a centralised state, they So far the predominant

ask in Paris, so recklessly emotion has been apathy. A divest itself of power? dozen bills of constitutional And here we come to a significance have passed central paradox. The author through parliament. Within of this great transformation s month Scotland will have seems scarcely moved by its a parliament and Wales an significance. When the assembly. If peace endures, history of the Blair years is Northern Ireland will also written, the pages will open return to self-government. on the constitution. Devolution in Scotland and And even now the House of Lords is debating the Wales, reform of the Lords, defenestration of its proportional voting systems. hereditary peers. a new primacy for European Beyond the walls of human rights law, elected Westminster, the response city mayors - the list goes has been a yawn. The on. The stifling authority of

> what the prime minister really wants to be remembered for. Confronted on this point.

the Westminster parliament

manner unthinkable only a

few years ago. But this is not

is being shattered in a

irritation. He dismisses the idea that constitutional reform is the unwanted legacy of the late John Smith, his predecessor as Labour leader.

His own vision of a modern Britain, he will tell you, has long included the remaking of the relationships between its constituent nations. Apparently, he has speeches from a decade past to prove it. And in Scotland the rise of the Scottish National Party meant the status quo was anyway not an option. The choice he had on entering 10 Downing Street was between devolution within the Union of the United Kingdom or

separation. All this is said with sincerity. And utterly without passion. Beyond the prime minister's speeches on the campaign trail, there is a telling silence. I can't recall his last speech on the broad purpose of an upheaval as profound as anything Britain has witnessed since

the 17th century. There is something else missing. On every other big subject I can think of -



TRAVELLER II

Europe, the economy, the welfare state - Mr Blair conveys a sense of certainty He may tack here, weave there, but you feel he knows the destination.

For the constitution, I detect no such grasp of the finality. His sightline is set low. What matters is winning majorities for New Labour in Scotland and

independent (just about) mission will pronounce on further reform of parliament's second chamber. But, rather in the manner of Henry Ford, Mr Blair will take anything as long as it is minimalist. As for the incorporation into domestic law of the European Convention on Human Rights, we are to believe that this new supranational guarantee of fundamental rights will change everything and yet

seems to suppose he can return with a sigh of relief to what he thinks of as the "real people" issues - the economy, health, education.

He can't. This is an approach that ignores the dynamics of politics. As nergetically as he is seems to imagine he can hoard it. But you cannot half- or three quarters-reform a element is inevitably to disturb the equilibrium

elsewhere. of Lords is to expose the idiosyncrasies and anomalies which distigure the House of Commons. To assert the primacy of European human rights law is to remind us of the absurdity which puts the Lord Chancellor, a member of Mr Blair's cabinet, in charge of a supposedly independent judiciary.

New Labour may well win the first elections to the Scottish parliament and the Welsh assembly. But these elections are the beginning, not the end, of devolution. The creation of the new legislatures will lead to a great crashing of constitutional gears as they define their relationships with Westminster.

In theory, the respective powers are delineated. In practice, the Scottish and Welsh electorates will determine where power resides. There are already looming rows over how Scotland's interests are to be

obligations to which As for the Lords, it's Westminster has committed it by international treaty? almost enough to expel the hereditary peers. Sure, an Then there are the English. Self-government for Scotland and Wales has vet to disturb the conviction that England is best ruled from Westminster. But as others take greater charge of their own destiny, the English too may begin to acquire a taste for more democracy. And why, they may ask, do Scottish members of the House of Commons retain a say in the way England is governed while denying the same

somehow change nothing, All this settled, Mr Blair

dispersing power, Mr Blair constitution. To change one

Thus to reform the House

Mr Blair's prescription may work. Britain thrives as a multi-cultural state. It may do so as a multi-national one. But it is foolish to imagine the outcome is pre-ordained. Change always threatens conflict. It needs to be explained and argued for, not least by its author. Revolutions, even silent ones, are ever unpredictable.

LETTERS TO THE EDITOR

Telecom Italia's shareholders are best placed to judge Olivetti bid

Sir, I understand that the editor of Lex has encouraged his staff in their daily work by telling them that the column "should not be afraid to be wrong. In his note of April 8, as with his assessment of Olivetti's chances of delivering shareholder value during its two years of recovery, he has not been

afraid to lead by example. Needless to say. We strongly disagree with the column's opinions as expressed in Thursday's note. But of greater concern is the Lex editor's determination to ignore some simple facts which were communicated in a briefing requested by him on the day of writ-

Firstly I would point out that what Lex has been happy to translate as a threat by me against Telecom shareholders can only be explained by a light knowledge of Italian. An accurate translation would have revealed no menace of

the kind implied. As Lex knows, the complaint that Olivetti has failed to publish a formal document is invalld. No such document can be published

given its approval. Seeking this before the Tecnost and dilutive at the earnings per Olivetti capital increases were approved by shareholders and by the competent judicial authorities would have been unthinkable.

Also, in a previous briefing, the same journalist was told that Olivetti has very clear ideas on how it would have run Telecom Italia. However, since key senior appointments will involve individuals currently working in other companies, it would be entirely wrong to make these names public. What is more, it has been

explained to the same writer on a number of occasions that in his so-called "Chinese boxes" effective "control" exists only through ownership of more than 50 per cent of the voting rights in each "box", something which does not exist at any level in Olivetti.

If these factual errors were not so grave, you might expect me to detail why Olivetti believes spending trillions of lire of Telecom Italia shareholders' money buying in minorities in the TIM mobile subsidiary - a business which Telecom Italia already controls - is a waste

resources and massively

share level. You might also expect me to question whether Telecom's proposed conversion of savings shares has any-thing to do with an unshakeable belief in a simplified capital structure, rather than being a value destroying attempt to construct a poison pill to keep Telecom's board safe from any take-

OVEL-Lex's criticism of our €11.5 per ordinary share offer as "middling" - a 58 per cent premium over the price at the beginning of this year and a 23 per cent premium over the closing price on April 8 - might also raise eyebrows.

However, these are matters which I believe Telecom Italia's shareholders are best qualified to judge.

I hope that, in the same way that I have been only too prepared to admit publicly to our mistakes, Lex will have the courage to do the same.

Roberto Colaninno. Olivetti chief executive until Italy's Consob has of precious shareholder 10015 Ivres TO - Italy

Value of professional interpreters

From Mrs Frances Calder

Sir, Mr Shijuro Ogata's letter (April 1), on the need for the Japanese to learn English rather than relying on interpreters, demonstrates one of the reasons for his problems.

He refers to professional interpreters being obliged to difficulties this can cause.

"translate vague expressions literally" and points out the In the UK a real professional A professional concentrates above all on convey- interpreter, not roughly the ing the meaning and the same sum to an agency, sense of what a speaker is which will take a cut of 1040 Brussels

saying, and this involves being fully aware of the and attitudes that are being expressed by someone from another culture.

Mr Ogata's belief that even poor English speaker will do better not to use an interpreter reflects experience of inadequate ones.

One problem may be the cost of such an interpreter. will cost around 2400 a day. and that means £400 to the

around a third, often more. Recruiters often fail to understand that the interpreter is also the chairman, keynote speaker, the chief negotiator - hiring someone who simply speaks another language is not enough. Sensible advice to Mr Ogata would be to find true

formal business meetings. Frances Calder Remnant Conference Interpreters International. 20. Avenue des Celtes,

professional interpreters for

Number One Southwark Bridge, London SE1 9HL

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PERSONAL VIEW AMITAI ETZIONI

Protecting privacy

The use or sale of personal information, such as financial or medical records, should be regulated. Unfortunately, the EU Data Privacy directive is not the way to go about it

names of passengers

The lawsuit reflects the fundamentally different perspectives that Europe and

demands that company use of personal information be preceded each time by the explicit consent of the person involved; that the use be limited to the purpose for which this consent has been given, and that any repeat use or resale be preceded by a repeat permission.

Moreover, the EU consid-

ers privacy to be an inalienable right, meaning that a person cannot "contract" to give permanent or encompassing access to information about him or herself in exchange for a fee.

If US companies do not sbide by the directive, the EU is threatening to block the flow of information about personal transactions credit cards, employment records, etc - of European citizens to the US.

Such a boycott would make work and commerce damn near impossible for many corporations that operate on both sides of the Atlantic.

Since October, the US Commerce Department has been negotiating with the EU over a formula to fudge the issue. Fudging is sought because there is no way on earth - given its laws, culture and politics - that the US would never truly abide by the EU directive. Neither. in my judgment, can Europe. The issue is a problem

because powerful computers and new software have allowed more and more companies to keep detailed records of their customers' habits and preferences, right down to taste in cereals and towels, shoe or bra size. Companies buy and sell sell these facts to fine-tune their marketing strategies, or to

weden is suing a US of personal information. airline for collecting Given that there are many hundreds of facts about who ordered Kosher every person, and that the meals, or wheelchairs. The average fact is likely to be US company was selling the relayed several dozen times, information to marketing a person would have to spend a great deal of time at his or her computer agreeing to or rejecting requests to use information about themthe US have on privacy. selves if the directive were This gulf is highlighted by to be taken seriously. Those the EU Data Privacy direc- who do not have a personal tive of October 1998. It computer had better buy larger mail boxes to accom-

> requests for consent. One might suggest that people who have computers could program them to respond to consent requests by using categories, for example, refusing all requests on medical and financial information but granting all requests about

> consumer preferences. Indeed, Michael Dertouzos. director of the MIT Laboratory for Computer Science in Massachusetts, reported to the World Economic Forum in Davos this year that MIT was about to release such a program, called P3P.

The EU directive, however, explicitly prohibits such automated responses - addressed, a more general consent must be given in person. And Nadine Strossen, the head of the Ameri- ples should guide our policy? can Civil Liberties Union. has expressed horrified opposition to any such programs because they would "disclose privacy dear are free to shop

Have you ever been page

and their followers - happy and, as a rule, is not enforced so that commerce and life can continue.

What realistic measures could be undertaken to shore up privacy? Before this matter can be

philosophical question must be answered: which princi-Some argue that privacy is a matter best left to the market. People who hold their

The differences in law, culture and politics mean the US would never truly abide by the EU directive

one's privacy preferences". That is, they would show if we are shy about the kind of journals to which we subscribe or the undergarments

we order. When several people in Germany, Spain, Austria and France were questioned recently, they all indicated that they received very few requests for permission to use information about them-

It seems that this EU directive is one of those laws a few more pieces of junk The EU directive imposes that is enacted to keep one a very heavy cost on the use group - privacy advocates

only with companies that promise to protect their privacy. Such shopping would either drive out of the market those companies that do not guarantee to protect privacy, or would limit their sales to those who cared little about privacy. Solveig Singleton, director of infor-mation studies at the libertarian Cato Institute in vacy issue is vastly overblown. So what if we receive

mail?

needed, particularly in the light of recent cases of unauthorised disclosure of private medical information, this protection need not take the form of new government reg-

ulations or EU directives. Cyber-age privacy protec-tion can be edectic. It can be pieced together from several sources but not make individual consent or government regulations its mainstay. Specifically, privacy would be best protected if the guarantees came from four sources.

First, there are new technologies that help enhance privacy rather than weaken lt. These include software that ensures anonymity on the internet, encryption of messages and transactions. and audit trails that determine who accessed a file and thus deter unauthorised queries.

Second, self-regulation should be encouraged. This has already begun. A number of US corporations, for instance, have announced they will refrain from collecting information about children who are 12 years old or younger without the

consent of their parents. Third, some limited new government regulations might be needed for medical privacy. There is no federal legislation in the US, for example, that prohibits the disclosure of information relating to abortions, cancer, or mental illness.

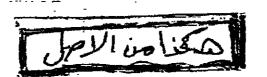
Fourth, there may be a case for individuals giving their consent for the use of private information, but not in the form of explicit, prior, case-by-case authorisations.

This kind of consent appeals to our concept of individual liberty. But if we are not to spend our days responding to privacy queries, then the delegation of such consent to some computerised or human

agent is unavoidable. There may well be other ways to proceed but we shall these are until the illusions Washington, believes the pri- fostered by the new EU directive are swept away.

The author is a professor at George Washington Univer-Even if one believes that sity in Washington DC

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FINANCIAL TIMES

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Friday April 9 1999

European rates of change

At last the European Central in the big euro-economies, given Bank has cut interest rates in the curo-zone. The cut of half a percentage point is overdue, but still extremely welcome.

waited until now to cut interest rates. The US Federal Reserve and the Bank of England have both reacted vigorously to the slowdown in the international economy. The Bank of England, which has already reduced its repo rate by 2 percentage points since last October, yesterday cut interest rates by a further quarter point in response to lower growth, and signs of receding inflationary pressure.

Admittedly, the ECB could point to very low nominal short-term interest rates by historical standards. It could also note the weakness of the euro, which has helped to esse mone-

tary conditions. Yet in the real world, it has been clear since the euro was launched in January that deflation, rather than inflation, is the greater risk in Europe. Germany and Italy have been particularly weak. These two economies account for more than half of economic activity in the suro-20ne. France has been stronger but there is no sign at all of any

Inflation for the euro-zone as a whole was just 0.8 per cent, on the harmonised index, in February. Even with the ECB's halfpoint cut, real short-term interest rates are still comparatively high the economic aluggishness of

In the euro-zone as a whole, the real interest rate is 1.7 per cent. The ECB should not have in Germany, where output shrank in the last three months of last year and the general price level is close to falling, real rates now stand at 24 per cent. US real rates are 3.2 per cent, though the US economy grew by more than 6 per cent on an annualised basis in the last quarter of 1998.

Having insisted there was no need for any interest rate cut until now, the ECB has been forced to cut rates by a half a percentage point. It is unlikely this will be enough to return Europe to robust growth. Further interest rate cuts may well be

Yet looser monetary policy is not enough. European governments should also push forward the liberalisation of their economies. Europe's problems are partly the result of insufficient demand, but there are also structural defects to be remedied. Governments must now start on the long-avoided path of difficult

It is a pity that the euro's 100th day will not be celebrated tomor row with the optimism of its saunch. But the ECB does now appear to be responding to the economic pressures rather than reacting adversely to the political ones. That is a welcome advance If the curo-zone is to thrive, politicians must show boldness, too.

The deflationary ogre smiles

Does one size fit all?

The European Central Bank has a reputation for being too tough on inflation. Now it has slashed interest rates. Alan Beattie looks at how the decision will affect different euro-zone countries

son in Europe. Yesterday, the European Central Bank reduced interest rates for the 11 member countries of the single currency area, cutting by 50 basis points to 2.5 per cent.

It was the first cut since the launch of the euro on January 1 and only the second time Europe has lowered rates since last October, when worries about the state of the world economy became more acute. The cut came on the same day that the Bank of England cut rates in Britain by 25 points (see below) - the sixth such move since October.

The ECB's cut was bigger than expected. "Many thought they would be more cautious, says Alison Cottrell, chief international economist at Paine Webber. But it will have much more impact for being done in one go." She added that "this cut will be an enormous psychological advantage at a time when busi-ness confidence in the euro-zone is starting to turn. It also opens up the scope for more rate cuts

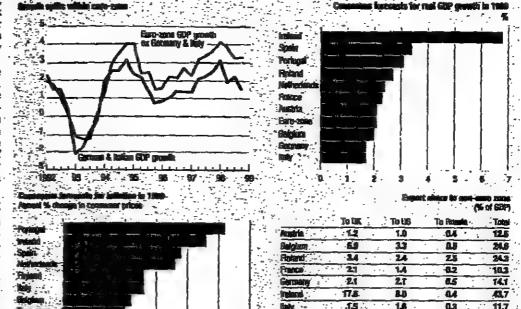
sewhere in the EU." The ECB's decision was made with the whole of the eurozone in mind. But one drawback of European monetary union is that it forces divergent economies under a single interest rate yoke where one size must fit all. What might be appropriate in Dusseldorf could be completely wrong in Dublin. So how appropriate was it for those countries which do not conform to the euro-zone

Using suro-zone-wide growth and inflation indicators, the case for a cut in interest rates looked strong. As Kit Juckes of NatWest GPM points out, before the cut, long-term real interest rates (long-term rates minus inflation) were only half a point lower in the euro-zone than in the US. Given the contrast between the US, whose economy is growing quickly with little spare capacity, and the sluggish euro-zone, the difference looked "ludicrously narrow", Mr Juckes says.

But this overall picture masks arge national disparities. In different countries, the same nominal interest rate can he tight or loose in real terms, depending on local inflation. For example, in Germany, inflation is 0.1 per cent, so real interest rates are now 2.4 per cent. In Portugal, inflation is 2.7 per cent, so reel rates are actually negative. This is the opposite of what economics would normally demand: Germany, whose economy is doing poorly, needs looser monetary policy, Portugal, where inflation is rising, needs it to be tighter. So yesterday's decision will have been more welcome in some

countries than others. Analysts often use Germany, the biggest economy in the eurozone and about a third of the total, as a proxy for the area. Traditionally it has tracked gross demestic product in Europe well. But recently, Germany has looked more like an outlier. The gap between its growth and that in the next two largest members of the euro-zone, France and italy, is at an eight-year high.

Having contracted at an annvalised rate of 1.6 per cent in the fourth quarter of 1998, few think Germany will return to its longrun trend growth rate before next year, not least because part of the problem is the country's reliance on manufacturing, which has been hit hard by the global slowdown. So this is the economy where the need for interest rate



cuts is the most apparent.

in need of a boost, are the next two largest economies. France and italy. Manufacturing has suffered in both countries, as in Germany. But the resilience of the French service sector, buoyed by strong consumer spending and rapid expansion in high-growth areas such as telecomn tions, has kept the overall economy out of recession. Output rose 2.8 per cent in 1998.

In Italy, growth has been lower (0.9 per cent last year) largely because of a poor trade performance in 1998. Exporters have been denrived of their traditional escape route of a weakening lina. But while exports are not expected to bounce back in the near future, consumer confidence remains high. As long as Italy can avoid being sucked into a recession by its euro-some partners to the north, a relatively umail boost to demand could well push economic growth back un. So it should benefit from the cut. For the smaller countries in

for lower rates on domestic grounds is much less pressing. tors has been affected by the ging worry which lower interest: decision doubly hard. weakness of Germany. But con- rates will do nothing to improve.

the euro-zone, however, the case

the debt and deficit position of Also singgish, but less urgently Belgium and the Netherlands Ireland. With economic growth seem to be improving, reducing the possibility that they might have to tighten their fiscal policies. And at a time of high joblessness, the Dutch unemployment rate of around 4 per cent is a third of the euro-tone average, testament to the country's muchdiscussed "active labour market policy" (which puts heavy emphasis on training to make people fit for work). For these countries, the impact of the rate cut depends largely on its effect on Germany.

> Finland, whose economy grew by nearly 5 per cent in 1998, is also not obviously in need of a stimulus, despite the fall in export demand arising from the Russian crisis. Austria is in a similar situation. Neither of these countries saw any obvious Finally, in some high-growth

countries with worrying signs of inflation, the rate cut could actually be damaging. Economic cent for the next two years, far outstripping the euro-zone aver-

sober respectability next to at 10 per cent in 1998, Ireland is showing clear signs of over-heating. With house and share prices rising at nearly 40 per cent, the asset market is looking distinctly bubble-like. Consumer price inflation so far has been held down by low commodity prices and the falling cost of imports. But if global demand and inflation recovers, this could rapidly be

The last thing Ireland needs is a cut in interest rates. But with policy-makers targeting the eurozone average, and Ireland comprising a mere 1 per cent of the region's economy, Irish inflation would have to reach Latin American proportions to register on the ECB's radar screen.

This problem is not unique: the Federal Reserve faces similar challenges in the US. But not only do high labour mobility and massive fiscal transfers from one state to another help to smooth out differences, the response to growth in Spain and Portugal is monetary policy changes is

the euro-zone. Countries may The performance of the Bene- age. These two countries also react differently to changes in euro-zone is not playing its part hux countries' manufacturing sechave higher inflation as a nag-interest rates, making the ECB's

For example, if a country has a

rate debt (eg mortgages), it will react much faster to a change in rates than a country with fixed rates or less debt. This means a rate cut will boost domestic. demand in Ireland - where 80 per cent of people own their homes and holdings of mortgage debt are high as a result - more than in Germany, where mortgages are comparatively rare. Conversely, when rates rise, Irish mortgage holders will be hit dis-

proportionately hard. Many analysis say the ECB's interest rate decision will affect countries mainly through its impact on the international value of the euro, which some expect to fall. But here too, individual countries may react differently to changes in the euro's exchange rate, depending on how open their economies are.

And the trouble is that no one really knows what their behaviour might be because the creation of the euro-zone will itself have changed the nature of the reaction. Before the advent of the euro, Germany was one of the large countries most vulnerable to currency fluctuations because it exported more than a quarter of its gdp. It still exports that much but since a large amount. goes elsewhere in Europe, the creation of the sure-zone has greatly diminished Germany's sensitivity to exchange rate change. Exports outside the eurozone comprise only 14 per cent of the German aconomy. Some smaller euro-zone countries such as Ireland, Finland and Belgium, whose economies do not need a demand boost, are much more exposed to trade outside the euro-

In any case, relying on a weaker euro to get the euro-zoné economy going does not seem to be a sustainable long-term strategy. With the US current account deficit heading towards \$300bn any suggestion that the ECB was deliberately embracing competitive devaluation would not go down well in Washington.

Trade tensions between the US and the euro-zone are already rising. Earlier this week Edwin Truman, the assistant secretary for international affairs at the US Treasury, attacked the euro-zone for its over-reliance on export-led growth which, he said, "impose economic burdens on others". A expected to continue above 8 per believed to be relatively uniform. boost to domestic demand, That is not necessarily true in though, might go some way to blunting US criticism that the in reviving the global economy.

Of course, ture economic areaments were not the only thing on But both look like models of large stock of floating interest the ECB's mind. The markets paid so much attention to yesterday's meeting partly because of its timing, four weeks after the resignation of Oakar Lafontaine, the outspoken German finance minister who repeatedly called on the ECB to cut. Paradoxically. his resignation made the cut easier, especially now a decent interval has passed. "A cut before Lafontaine's departure would have been seen as an unwelcome politicisation of the monetary policy process," says Nick Parsons, chief currency strategist at Paribas. "Now it can be seen as an objective attempt to kick-start

So today's rate cut came as no surprise. But the RCB must be praying the move improves prosnects in the flagging core economies rapidly while not adding too much fuel to the inflationary flames in the periphery. It is a

Defiant chaebol

South Korea has received many accolades for its response to the facing the government of President Kim Dae-jung.

By the end of the year, the top five chaehol are supposed to reduce their gearing to 200 per cent, a level which would test the limits of prudence for most normai companies, especially in an age of low inflation. But average gearing at the top five is still 335 per cent. Even this was achieved through asset revaluations and capital increases rather than the sale of unwanted businesses. Without asset revaluations, the two worst offenders. Daewoo and Hyundai, would have gearing of over 500 per cent.

Poor financial management by the large chaebol, an obsession with size, and reckless investment in uneconomic projects were significant causes of Korea's financial crisis. Unless these habits change, problems will surely resurface. But so far the chaebol's family owners have paid only lip service to the need to slim down. Their main effort car mark has gone on a fierce rearguard action against reforms that would weaken their stranglehold

Hyundai and Daewoo, which have both increased their gross economic crisis, but more effort debt over the past year, might is still needed before it can think they can escape penalty by return to a path of stable growth. arguing that they are too big to Disappointing debt figures from fail. Yet the government's desire the biggest conglomerates - or to avoid a fresh banking crisis chaebol - this week are a must be tempered by the need to reminder of the challenge still maintain the credibility of its reform programme. President Kim has shown an

inclination to be tough with the chaebol. Yesterday's launch of an investigation into purchases of Hyundai Electronics shares by other companies in the Hyundai group is a case in point, but it is only another investigation. Too often there has been failure to follow through. In the long term, there is no

escape. Hyundai and Daewoo cannot survive indefinitely with such levels of leverage. The bullet must be bitten at some stage, even if it hurts the banks. One approach would be to oblige Korea's still mostly statecontrolled banks to turn excess debt into equity. The banks could then insist on the appointment of new managements willing and shie to make real cuts in the chaebol's blosted operations. This is a considerable chal-

lenge with an election looming next year and a continued threat of labour unrest. Yet if he is to retain his place in history as the man who modernised Korea's economy, it is one which President Kim cannot afford to duck.

Growing further apart

found its quarter-point reduction in interest rates outbid by the matter of hours, unites Christo-

pher Adoms. .

For the time being, then, the gap between rates in Britain and the rest of Europe has widened. This has reinforced the view that economic convergence with the sure-zone may be difficult to achieve. "There are quite a number of immiles to get through. Individually, they might not be that great, but added up they ne significant," Paul Turubull, an economist at Merrill

At present, the biggest berrier

OBSERVER

voters either oppose membership or are undecided on the issue, and the government will decide to join only if opinion shifts in favour. Another barrier is the UK business cycle, which does not move in synch with that of

continental Europe.
This divergence could diminish if the Bank of England and Eurocapping inflation. But structural differences between the UK and the rest of Europe will probably remain. For example, the UK has stronger trade ties with the US than those between North America and continental Europe.

The current economic cycle may hold surprises too, Geoffrey

to entry is political: a majority of Dicks of Greenwich NatWest says it is wrong to assume that interest rates in the UK, now 2.75 per cent higher than those in Europe, will fall to euro-zone levels. "If we are successful in avoiding recession and getting demand and output back on to a firmer trajectory, next year we would see monetary policy moving away from an expansionary

The momentum from a healthy rebound in activity, given extra impetus by an activist Bank of England, might not be easy to stop. Interest rates might have hit a trough yesterday, making it more difficult for the Bank to bring the cost of borrowing down to sure-zone levels.

balancing act which may become wearily familiar in coming years. Financial Times

U.S. Farm Plane The United States Administration is proposing to Congress a new and ambitious

50 years ago

agricultural programme, which would guarantee permanently high prices to farmers. It would abandon the parity price concept, designed to give the farmer purchasing power equivalent in real terms to that of 1909-14.

The new objective would be to maintain farm income at or near the average level of the past decade and at the same time extend price support to a much wider range of commodities.

The proposals will set up some strong cross-currents in Congress.

Statute for Germany Washington, April 8. The Foreign Ministers of Britain, the United States and France to-day announced approval of an occupation status for Germany, defining the powers of the occupation authorities upon the

establishment of the German

Federal Republic.

it was stated that, with the establishment of the Federal Government, military occupation will be terminated and the functions of the Allied authority will become mainly sudervisory.

Withholding tax

that the harmful consequences of retail bond market away from the ticular, are starting to sink in.

But the best that can be said of ings. the ideas now circulating in Lonwould limit the damage; they do directive.

involves distinguishing between retail and wholesale investors. are a feature of many outstand-Bond issues which cannot be ing international bonds. held in units less than, for example, \$40,000 could be classified as international bond market would wholesale, and exempted.

principal aims of the withholding tax directive, which is to clamp down on tax evasion by retail investors. It might at the same time, if a distinction can be bond market to escape the burdensome administrative requirements a withholding tax would

Some are technical - should the threshold apply to denominations others are more significant. In This is welcome, and indicates particular, it would still drive the tion of bond certificates makes it

More fundamentally, while a don and Brussels is that they retail/wholesale distinction might, conceivably, work for nothing to redeem the fundamental flaws in the withholding tax ing exemption would be needed for existing issues if a new withholding tax is not to trigger the early redemption clauses which

Worse still, exempting the do nothing to mitigate the impact That would preserve one of the of a misconceived tax on depostts. Bonds may be important to

That is why the UK government should not be tempted by worked out in enough detail, the scent of compromise into weakening its determination to block the withholding tax directive - especially now that Luxembourg, whose interest in the it's talking turkey time Slobodan Milosevic might not be everybody's kind of guy. He's

certainly attracted an unusual interlocutor in Spyros Kyprianou, the former president of Cyprus, who flew into Belgrade last high But when it comes to pow-wowing about the three US soldiers Serbia captured last

Milesevic used to get in touch with Athens whenever he warrier a political favour. But Costas Similis, the Greek prime minister, is firmly backing Nato, so the Yugoslay president turned to the

Greek Cypriots Instead. The Nicosia government opposes the air strikes and public opinion is thoroughly pro-Serbian. Milosevic himself is well-connected on the island during the Bosnian war, he managed to stash away a chunk of Yugoslavia's foreign exchange eserves in a Cyprict offshore

However, Glafcos Clerides, the island's president, is spending his Easter holidays aboard a yacht So Kyprianou - the speaker of partiament and Clerides' stand-in - fielded the calls from Beigrade.

Kyprianou has been trying his best to get the US soldiers flown out to Lamaca in Cyprus before they're shipped home - if they're shipped home. And he's already

with his last big triumph - when he spearleaded Cyprus' tourist Soom and gowerd thousands of pale North Europeans to sample its beaches and barbecues.

Antônio Carlos Magalhães,

perhaps Brazil's second most powerful politicien, might just be rueing a thing or two. On his request, the Senate

launched a probe yesterday into comuption and nepotism among the judiciary. In political terms it could be a great idea. Everyone files to have a go at judges in Brazil and what better way to start a bandwagon for a shot at the presidency in 2002?

But on the very same day, the Folha de S. Paulo, Brazilis biggest selling daily, pointed out that 11 of Magainaes' relatives, including all five of his brothers. are employed by the government in his home state of Bahla.

he protested yesterday, neglecting to mention that most of the politicians who did take on his family members are close political ailies. Would he sue the newspaper? No, he replied, because you can't trust the iustice system.

Poon's progress

For a man barely into his 40s. Dickson Poor has done a lot of living. He's notched up three

glamorous wives, including Bond girl Michelle Yeoh, and runs one of the few Hong Kong companies with worldwide success - luxury retailer Dickson Concents. Now the boy who started off

with a HK\$5m loan in 1979 is going to buy some of his company's ritziest properties for At a time when designer labels

are slugging it out on the business pages, Poon's buying back Dickson Concepts' majority stakes in Harvey Nichols, the upmarket London emporium, and ST Dupont, the French company that turns out fancy pens and

He could need to raise some cash. But even in Hong Kong where retail is a four-letter word in the banking halfs - the dapper Poon is unlikely to be turned

Baby bug

You may have been preparing for the miliennium bug, but are you ready for its April 9 cousin? Tanvanese officials have warned that some systems could choke today, the ninety-ninth day

recorded as 9999 - a troublesome sequence associated with computer errors. The April 9 bug isn't expected to cause anything like the computer chaos some fear could emerge on January 1 next year,

but it could be a wake-up call.

The computer illuminati might

of the year, which can be

years, is about to offer you a The company says Svensk of nature and the enigmatic

systems are sitting pretty. **Gene crazy**

know all about the nasties in

cosmetics. Let's hope their

store, but most other people on

Y2K, Plenty think it's a brand of

the island haven't a clue about

A new victory over all those sexists who think that vacuuming and preparing dinner should be a purely feminine phenomenon. Scientists have identified two genes for nesting behaviour that come not from ma but pa. When either gene isn't there, mother mice decline to build nests or give their kids any attention. The appearance of gene

number two seems to mean that

Vodka straight

Lay down your glasses. A sensational new vodka from Sweden, launched yesterday by the country's first privately owned spirits company for 80 whole new alcoholic hinterland.

is still enigmatic or simply

The European Commission and the German presidency are at theless, fraught with difficulties last showing greater willingness to explore possible compromises over the proposal to impose an or holdings, what exchange rates EU-wide 20 per cent withholding should be used for bonds denomitax on income from savings and nated in other currencles - but

the proposed directive for the EU. Moreover, the dematerialisa-European financial services industry in general, and the international bond market in par-

The suggested compromise

allow the wholesale international entail, and avoid driving the issue is even greater, has entire industry to Switzerland.

week, there weren't too many harder to ensure that smaller alternatives on hand. investors are not getting round the limit by pooling their hold-

the City of London, but so too is the private banking industry.

declared its firm hostility.

made more waves than he did

Squeaky clean

"I didn't hire them personally."

the paternal connection's no fluke. No word yet an whether it's mother who's really responsible for beer-drinking or football-watching DNA.

vodica "is based on the elements surrounding of Lake Vattern". It doesn't elaborate whether, after you've had a few drinks, the lake FRIDAY APRIL 9 1999

THE LEX COLUMN

_afontaine's dividend

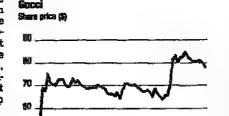
Call it the Lafontaine dividend. The European Central Bank's half point cut in interest rates would ideally have come earlier given the weakness in the eurozone's economy. But the independent authority did not want to be seen to cave in to pressure from Oskar Lafontaine, Germany's former finance minister. Following Mr Lafontaine's resignation last month, the ECB has been able to make up

The cut is probably good news for eurozone asset prices; and even for the euro itself, in that investors may conclude the worst is over for the economy. But it would be a mistake to expect monetary policy to work wonders. Take Italy, one of Europe's most sluggish economies. Interest rates there tumbled in the run-up to the single currency with little effect on growth, so it is hard to believe the latest cut will do much. Germany, the other big slow coach, could be a better bet as it did not benefit from convergence. But while there is a cyclical element in the region's depressed condition, structural reasons probably dominate. And the solution to those is microeconomic reform not mone-

The UK's decision to cut its interest rates by a quarter point to 5% per cent is less dramatic; not surprising since this is the sixth cut in seven months. But it will not be lost on investors that UK rates are once again more than twice those in the euro-zone. Even taking into account the UK's marginally higher inflation, monetary policy is clearly considerably looser in the euro-zone. Some disparity is warranted. But the current gap looks too big.

China

It has taken 13 long years, but China's entry into the World Trade Organisation - now tantalisingly within reach - is a prize worth waiting for. The biggest corporate winners are likely to be from develfinancial services and telecommunicafrom lower tariffs. China has promised to open its insurance and banking markets, and it will, for the first time, let foreign groups take stakes of up to 30 per cent in



should bring more transparent regulation and greater observance of commercial law. That will help both importers and those multinationals already operating locally. It ought also to reduce music and software piracy, though this hinges

largely on proper enforcement.

The deal should benefit China too. Granted, some indigenous companies will suffer from greater competition. But higher international confidence should boost foreign direct investment, which fell nearly 50 per cent in January and February. And a reduction in China's rapidly rising trade surplus with the US - \$57bm last year - would be no bad thing politically. Most important, joining the WTO and opening up its markets will increase pressure on China to accelerate the internal restructuring it so badly needs.

Gucci shareholders must be wondering whether they only dreamt there was an \$85 a share offer on the table for the Italian fashion house. The sands were already shifting when LVMH said its offer would be conditional on 50 per cent accepoped markets - particularly in farming, tances. With Pinault-Printemps-Redoute, white knight to the Gucci management tions. Agricultural exporters will benefit but not to minority shareholders, sitting on 42 per cent, this is a high hurdle. LVMH, which has about 20 per cent of the equity, would have to win over holders of three quarters of the non-PPR shares it does not already own. Bernard Arnault WTO accession will also bind China would have kept a dainty toe on the moral into a rule-based trading system that high ground, as well as maximum pres-

had stuck to this offer.

But the sands shifted again. Still smarting over the outrageous way PPR leapfrogged into poll position, using lax Dutch rules on share issuance, Mr Arnault tried to lower the hurdle to a simple majority of the independent shareholders. This would level the playing field. But it would also entail making free with new shares to the disadvantage of some independent shareholders. Hence the excuse given to the anti-Armault board to say no.

LVMH may still go with its offer, as a gesture of good faith. But with the odds stacked against success, its main line of attack will be back in court later this

Dickson Concepts

Talk about adding insult to injury. Dickson Concepts, the Hong Kong-based luxury retailer controlled by its founder seems determined to enrage its minority investors. Having seen the shares tumble by 80 per cent in the last 18 months. Dickson has come up with a bizarre restructuring plan: it proposes to sell its most valuable assets to Dickson Poon, its chairman and majority shareholder.

It is hard to see how this adds value for anyone except Mr Poon. He is offering to pay market value for Dickson's listed majority stakes in Harvey Nichols, the upmarket UK retailer, and ST Dupont, a French luxury goods maker. Minority Dickson shareholders are thus being asked to sell controlling stakes account ing for half the group's market value for

cash with no premium. Under Mr Poon's scheme, Dickson would then disgorge the proceeds via a special dividend of HK\$6.80 a share. True, that is more than Dickson's pre-announcement share price of HK\$6.30. But that only shows how little value investors place on Dickson's rag bag of loss-making

in a final step, Mr Poon would buy 20 per cent of Dickson's rump equity at HK\$2 a share. That would be 60 per cent below the post-dividend net asset value and barely more than net cash of HK\$1.59 a share. Shareholders should reject the plan. If Dickson is to be broken up, Mr Poon should be forced to compete to buy

China to ease restrictions on some US food exports

Agreement marks premier Zhu Rongji's arrival in Washington

By Nancy Dunne and State Fider in Frankington

An agreement lifting restrictions on exports of US wheat, citrus, beef and poultry to China was due to be signed in Washington yesterday as Zhu Rongji, the Chinese premier, met President Bill Clinton at the White House.

As Mr Zhu arrived, trade officials were racing to complete a bilateral market access deal to pave the way for China's entry into the World Trade Organisation. However, US officials suggested that, in spite of significant progress in the negotiations, an agreement on Chinese WTO entry looked beyond immediate reach,

As well as the agricultural accords, Charlene Barsheisky, the US trade representative, said Beijing had taken "an important new action" to protect US software exports. The Chinese government had issued a decree calling on all

and municipalities to implement in a friendly relations. Mr Clinton said "serious and thorough" manner a directive forbidding government use their hopes "if we continue to build of illegally duplicated software. China's market for personal computers is now the world's fifth largest.

The two sides also agreed a civil aviation accord, expected to double passenger and cargo flights between the US and China and allow an additional US airline and another Chinese airline to enter the bilateral market. China has announced the break-up of China Telecom, but negotiators were disputing the level of foreign ownership to be permitted.

As usual during important official visits, an aircraft purchase was announced. A few hours before Mr Zhu's arrival in Washington, the US Export-Import Bank announced that Boeing had reached an agreement with Zhongyuan Airlines, based in Henan province, for the purchase of two 737-300s worth \$64m.

In a ceremony greeting Mr Zhu at the White House, the two leaders commissions, agencies, republics spoke of the need for continued

their hopes "if we continue to build a constructive strategic partnership". Mr Zhu responded: "I don't think there is any problem or question between our two countries that cannot be resolved through friendly consultations."

The previous day, Mr Clinton out. lined his reasons for continuing a dialogue with China in the face of sharp criticism in Washington of Beijing's alleged spying, a clampdown on human rights activists and its build-up of ballistic missiles

across the Taiwan Strait. Trent Lott, the Senate Republican leader, said he would oppose Chine's entry into the WTO because of its spying and human rights abuses. Letting China into the WTO at this time shows how far this administration is willing to go in an effort to salvage its failed policy of strategic partnership with China," he said.

US may say 'Hello Dolly' to company behind cloned sheep

The US is hoping to say "Hello Dolly" to a biotechnology plant built by the Scottish company that cloned

the world's most famous sheep.

PPL Therapeutics, the Edinburghbased biotechnology company, expects shortly to receive formal offers of assistance to finance a £45m (\$72.45m) manufacturing plant in the state of Virginia.

The plant would initially process PPL's most advanced product, alpha-1-antitrypsin or AAT, a human protein that could be used to treat cystic fibrosis. The protein is produced by a flock of genetically modified sheep being reared by PPL in New Zealand. The plant could later manu-

facture other products. Although regulatory approval from the US Food and Drugs Administration to manufacture AAT is not expected until the end of 2001, PPL afterwards. That means starting to build the plant in the

PPL has received indicative offers from the Virginia state authorities about two locations in two different

One involves official financial saistance and the other is an officially co-ordinated package of private finance. Richard Crews, PPL's finance director, is now in Virginia obtaining final details of the pack-

The US offers will put extra pressure on UK development agencies and merchant banks to assemble a package of finance and development assistance to prevent the project going to the US. The UK's matching proposals appear to be less advanced than those of Virginia.

Ron James, PPL's managing director, says it would be more convenient to build the new plant, which would employ about 150 people, near the company's facility at Roslin near Edinburgh since this would make

the technology transfer simpler.

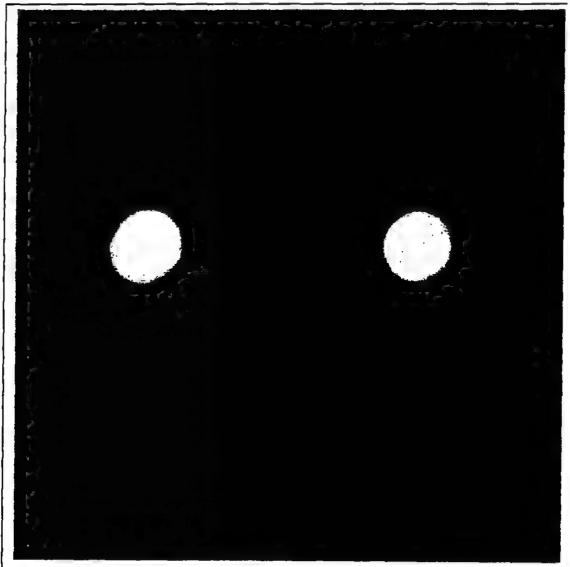
to the next stage of seeking regula tory approval.

In Scotland, PPL is negotiating with Lothian and Edinburgh Scottish Enterprise, an offshoot of Scottish Enterprise, the development agency, while British Linen Bank is attempting to raise private finance. But Mr James said it was already clear that UK bank funding would not be available without some form of official guarantee because the project lacked regulatory approval and, was therefore considered too

This was less of a problem in the US where there was greater experience of financing blotech projects. .

We're not asking for a £45m grant but the guarantee of the £45m project finance," Mr James said. Grants for the infrastructure required and other development assistance were likely to be available in the UK and would help fill the gap.

The project does not mean Dolly, shortly where the plant is going to news in early 1997, would move to be so that the company can advance the US.



The leopard's eye is brilliantly adapted for seeing at night. It maximises the light rays it receives by bouncing them back off a reflective layer behind its retina, giving the eye a second chance to absorb them.

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d (left to right) prepare to tee off at the ce

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FT WEATHER GUIDE

Europe today

for a time but stay mainly dry. Scandinavia will have heavy rain. with snow in the far north. itered areas will become bright southern Sweden. Rain will spread into the Baitic states, but much of eastern and central Europe will stay dry with some sunshine. The liberian peninsula, Turkey and the Lawant will have a lot or surrains. The central Mediterranean will

have thundery rain, which will

North-west Europe will cloud over

Five-day forecast

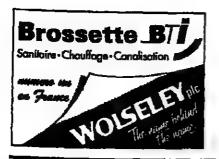
Much of Italy and the Balkans will have showers, some accompanied by thunder. High pressure will tend from Portugal to certifal Europe and will bring sun until Monday. Cloud will increase to bring showers in the middle of the ek. Northern Europe will be wet

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FINANCIAL TIMES

COMPANIES & MARKETS

FRIDAY APRIL 9 1999

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INSIDE

Framatome to focus on connectors Framatome of France is shifting its centre of gravity away from nuclear business to connec-tors, from which it expects to make €230m (\$248m) operating profit this year. Page 19

TD Bank shoots to top of 'big five' Toronto-Dominion Bank has become the largest of Canada's "big five" banks, after its stock hit a record high, following news of plans to spin off its global discount brokerage. Page 17

Moroccan banks see fall in profits After four years of profit surges, Morocco's quoted commercial banks posted modest gains in 1998, with the average net profit increase for five large banks about 8.8 per cent, versus net profit rises of 15 per cent in 1997. Page 16

Shipping groups rush to consolidate
Three deals in the past month in the Nordic ahipping community have highlighted the merger frenzy that has characterised the sector over the past two years. Page 19

Power concerns tuei Pakistan drop



The Pakistani KSE-100 index ended 13.51 iower at 1,034.99. yes terday, the latest sign economy. Concerns have been triggered by the controversy surrounding the private power generation groups. The government of prime minister

apent much of its two years in office investiga-ting corruption in the sector, Page 40 Renong hit by charges of favouritism Renong, Malaysia's biggest corporate debtor, is facing a loss of prestige and claims that author-

Umno political party special treatment. Page 18 Turkey set to reform capital markets Turkey is to reform its capital markets after general elections on April 18. The legislation should

Asian demand drives up pulp price Sodra of Sweden, the largest producer of long-fibre market pulp, is to raise the price of its benchmark pulp. Page 30

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help protect small investors. Page 28

Gucci rejects LVMH's \$8.7bn offer

Gucci's president.

33hn-plus cash, at \$8.7hn, was

Shares in Humana, one of the

organisations, fell more than

30 per cent yesterday morning

would be between 20 and 24

cents a share compared with

analysis' estimates of 84 cents.

It will add \$90m to its medical

plaine expenses for the first

quarter. Its first quarter earn-

The news hit shares in several other of the largest

companies in the sector, which

has been suffered repeatedly from problems over medical

A dispute with Colum-

bis/HCA, another healthcare

company, over whether

Humana customers should have access to Columbia hospi-

tals, accounted for the bulk of

the charge. The companies

spent months renegotiating

the contract after allegations

that Humana patients had

Columbia/HCA dominates

the market for hospitals in Flo-

rida, and exclusion from its

hospitals might have severely

damaged Humana's competi-

tiveness in the state, where it

has more than 1.3m customers.

A deal was struck only last

week, and came into immedi-

Gregory Wolf, Humana chief

executive, said the new con-

tract reflected "the changed

dynamics of our industry and

the end of an era between

He added: "Notwithstanding the hard decisions we made

this ougster, our business is

fundamentally sound and we

remain confident in our ability

to successfully meet the chal-lenges our industry will face."

Humana said \$50m of the

was to account for

been turned away.

ADD PROJECT.

costs in the last two years.

ings last year were \$50m.

larger US health manag

increase in medical costs. Humana predicted operating earnings for the first quarter Fashion house says takeover terms are 'unacceptable'

Gucci, the Italian fashion company, yesterday rejected rebuffed Gucci's efforts to peran offer of \$85 a share from susde it to mount a full bid until Pinault-Printemps-VMH, the French luxury It did so on the grounds that Redoute (PPR), the French t considered the conditions retail group, last month titsched to the offer to be unveiled a secret \$2.9 m deal to it considered the conditions attached to the offer to be

Humana shares

acquire 42 per cent of Gucci. The \$85 offer is conditional "Our door is very open to LVMH if they make a serious ffer," said Domenico De Sole, But we made that clear antina attribution representthree weeks ago. I don't think this is an offer - it's a waste of dent investors - who hold LVMH said its offer, which roughly 38 per cent of its values Gucci, including its

-

while a further \$5m will be paid to resolve outstanding issue from the old commot.

A further \$55m covered an

ing medical costs. Analysts

interpreted this as evidence

much as it had hoped.

nies in the sector.

By mid et

that Humana was not limiting the utilization of healthcare as

Health management organi

sations, or HMOs, seek to limit the amount of healthcare

customers use, and this part of the charge helped to damage shares in other large compe-

fallen 82 per cent, down 85% at

\$114. Its share price had reached as high as \$82 last

abandoned its plan to merge with Humans last year after it

announced a \$500m charge, is

while Oxford Health fell

almost 7 per cent, down \$1≟ at

care analyst at AM Best, said:

"The overriding issue here is

the shility of HMOs to effect

tively control utilisation - and

that's really what the industry has developed around. It's

upon utilisation, and it's a

that analysts are question

United HealthCare, which

The French group had viding the PPR deal was nulli- in February after Gucci, fied, which Gucci's manage- advised by Morgan Stanley, ment bus refused to do. Queci's shares fell by 61.35, amployees to neutralise or 1.9 per cent, to €71.75 in LVMH's voting position.

Amsterdam yesterday. LVMH has also taken legal Amsterdam yesterday. LVMH's rose by 64.40, or 1.9 per cent, to 6332 in Paris. PPR deal.

LVMH, which was advised on the Gucci board agreeing to by Goldman Sachs when the issue enough new shares for battle with Gucci began but LVMH to attain control if it has since added Credit Suisse First Boston and ABN Amro as ing at least 50 per cent of Guo-ci's shares held by indepencourt hearing this month before making its next move. equity.

The hearing due to start on
LVME also made an addiApril 22, will deliver the final

terned 20m near shares to the action to try to invalidate the

LVMH's favour, it could initiste an investigation into the share issues that might last as long as six months. LVMH might then try to win control of Gued without the impediment of PPR's 42 per cent stake, or hope that the

If the Dutch court rules in

latter will make a full bid, thereby enabling it to exit at a punch.

that the Dutch court will uphold both the PPR and employee issues. If so, it is likely to press ahead with the completion of the Pinault deal by calling a shareholder meeting to endorse the appointment of PPR nomin

It would also start due diligence on the FFr6bn (\$990m) ent, the French fashion house. and other beauty brands bought by François Pinauit, som last month. Guedi envisages the acquisi tion as a base from which to

build a conglomerate of luxury brands to rival LVMH.

Higher medical |C&W could raise bid for costs drive down Japan telecoms carrier

Battle for IDC may prompt UK group to rethink its \$515m bid

By Michigo Makamelo in Toky and Josephan Ford in Landon

Cable and Wireless, the UK telecoms group, could raise its offer for IDC if the directors of the Japanese international telecoms carrier do not recomround its bid at a board most.

ing on Thursday.
Caw, which is already a large shareholder in IDC with a 17.7 per cent stake, is locked in a takeover battle for IDC with NTT, Japan's telecome

If the IDC board recommends the NTT offer, which is understood to value the company at Yesbn (\$520m), or does not reach a decision, "the subject of price could be back on the table", according to people close to the deal. ChW's ofter values IDC at Y82.chn.

Both companies have made offers to IDC management, which is expected to make a recommendation to share holders, which include Toyots, the car manufacturer, Itochu, the trading company, and Air-Touch, the US telecome com-

However, the competing offers are too close in terms of price to suggest an outright

In the event that the IDC board recommends the NTT offer, C&W, as a founding older of IDC, hen a right to buy the shares at the price indicated by NTT. Junichro Miyasu, president of NTT, has suggested that the Japanese carrier would not raise its offer in a hidding war with

CAW. that it will not have to increase its offer to NTI"s level due to Japanese government regulations that restrict NTT's activities. As the former



Hotting do: The status are rising in Japan's felocome sector

ere restricted to domestic ns services, NTT is prohibited from directly being involved in international serrices until July 1. Even if the IDC board rat NTT bid, NTT would not be able to proceed with its tender aion from the expenses govern-

NTT is required to purchase 100 per cent of IDC due to regulations governing its reorganisation in July, C&W ists that it has no intention of selling its stake to NTT. There are no conceivable circonstances in which we would

voluntarily sell our stake in DC," the company said.
If the DC board recommends the C&W offer, C&W plans to start the tender process within one to two we of the April 15 board meeting and pay for the shares in cash. In Japan, a board recon dation on a takeover is almost always accepted by the main

NTT could use its influen with the telecoms authorities and with Japan's ruling party, with which it has strong links. Peter Bustace, of C&W, said that if this were the case, "we would make a big fuse"."

Soros earmarks \$1bn for European equities

Soros. George international financier, has sermarked more than \$1bn to launch a European private equity arm that will seek investments in a range of bust-

Soros Private Equity Partners, the venture capital arm of Soros Fund Management, has appointed Ramez Sousou from Goldman Sachs to head its European operations.

Offices have been opened in London's West End, and the group plans to build a team of sight investment professionals

by the end of this year.

The group will become the intest US-based house to sermark resources for the Boropesh market.

KKR, Hicks Muse and the Carlyle Group have all opened offices in London in recent months to take advantage o what they see as undervalued businesses in Europe. Soros Private Equity Part-

ners invests in companies through two funds. There is the \$3.5bn Quantum Industrial Holdings Fund and a \$600m Quantum Realty fund, which concentrates on property.

The European arm will have access to both funds as opposed to raising a Europefigure of \$1bn allocated for Europe could ries depending on its deal flow.

Until now, Soros Private Equity Partners has dedicated most of its investment to North American businesses. It has used its international private equity team, headed by Frank Sica in New York, to back some European deals but this is its first concerted effort buy-out arens.

Ramez Sousou, a global part ner and head of its European operations, said: "There may be a lot of competition in the private equity arena but we think we have a unique approach and can offer added value through the Scros net work. We will build a private equity business in Europe which will also invest along side other private equity

One rival venture capitalist said: "The West Rad is become ing incredibly crowded with American private equity groups chasing a finite num-ber of deals. No one should underestimate Scros but there are lots of highly capable houses chasing European deals. One wonders if supply of deals might soon outweigh the demand available."

It has been reported that Scros Private Equity Pariners would consider partnering Candover, the UK venture can italist, in its bid to get control of the Mirror Group, the UK

Admust resorts cisio Emerging Market bonds FISE Actuaries single indices 36 ochreck Govt bonds Foreign exchange Bond futures and options **GSts** prices Spaci prices and yields Commodities prices Managed Amde service 21-35 Dividende appounded, LP EMS currency rates New Intl bond feety **Euro Drices** Recent leaves, LIK Symbond priced Pond Interest Indices Stock markets at a plunce FT/SEP-A World Indices

MARKET STATISTICS

By Paul Betts in Milan and itte (Inminateleger in Frankfurt

A battle between top German banks for influence in Italy's rapidly-consolidating banking sector appeared to intensity yesterday after the sale of a significant sharsholding in Banca Commercials Italians. BCI confirmed yesterday that Tiger Fund of the US had sold a 3.03 per cent stake on March 31 for about 6870m

Another US Amd, Janua Capital, was also reported to have sold 1.9 per cent of BCL but

News of the sales prompted speculation that Commerzbank, Germany's fourth largest, may have increased its existing 5 per cent stake in BCL Deutsche Benk, another key BCI shareholder, was also seen as a potential buyer. Both German banks declined to comment on their holdings, but Commerzbank said: "We are very interested in BCI, and we consider it our bank in many aspects." Commerchank

already has a member on BCPs

The share sales followed the

supervisory board.

Deutsche Bank, with 4.5 per cent, is among several large BCI shareholders, including Paribas of France (4 per cent), which favour the merger. R would create an enlarged banking group with total assets of more than L500,000bm But another influential

group including Commerchank (5 per cent before any recent purchases) appears to have doubts over the UniCredito

recent proposal by UniCredito merger. Commerchank is conmand banks' activities are findiano, a larger Milan bank, corned by Deutsche's position mostly concentrated on the to merge with BCI through a as a shareholder in both BCI and UniCredito.

A long-standing core share-inider in BCL Commerchank was livid when Deutsche disclosed last year it had accumulated a 4.5 per cent stake. "Increasing its stake to 10.

marzbank to flex its musclesversus Dautsche Bank," a Frankfurt-based analyst said. Two weeks ago, Commersbank annotinced plans to raise more than 62.4bn to prepare

northern Italian retail market, but Deutsche and Commertbank have also been active in fund management. Deutsche has repeatedly stated its interest in further acquisitions in the Italian banking market. . The main opponent of the BCI-UniCredito merger is the

tep management of Mediobanca, the Milan investment bank, Both BCI and UniCredito have each traditionally owned 8.8 per cent stakes in Mediobanca but the secretive investby European acquisitions. Germant bank has in the past pul-

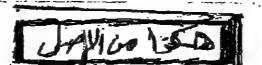
BCI stake sale heightens battle between German banks led the strings in the two commercial banks.

Mediobanca also owns 11 per cent of Assicurazioni Generali, Italy's largest insurer, with a 5 per cent stake in both BCI and Commerciank. The German bank has also pledged to buy a 2.5 per cent stake in Generali Mediobanca has sought unsuccessfully for the past 12 months to push BCI into a merger with Benca di Roma. Its too management now appears to regard the proposed merger between BCI and Uni-Credito as a threat to its own

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W in move to raise fresh capital

Volkswagen yesterday appeared to be eyeing an acquisition after it emerged that it would ask its shareholders for approval to increase its authorised capi-

tal by 40 per cent. Any approval would give Europe's largest carmaker carte blanche to raise around DM18bn (€9.2bn, \$9.9bn) in fresh funds. Although Volkswagen declined to comment on its intentions, saying only it wanted to assure the group's growth in coming in a direct placement, while

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years, industry observers suggested that it may use the money to pay for an acquisition in the truck sector. Speculation has recently focused on Scania, the Swedish automotive group.

In an invitation to its shareholders to meet on June 2. Volkswagen said it would ask shareholders to approve an additional DM782m in authorised capital, allowing Volkswagen to raise roughly €9bn (DM18bn) between now and June 1, 2004. Of that, Volkswagen could raise around DM2.2bn

form of a rights issue. "In the next few years it may become necessary to secure the growth of the Volkswagen group with adequate capital, for example for acquisitions or the purchase of stakes," Volkswagen said

in its invitation, reported in the German business media. in addition, Volkswagen is expected to ask its shareholders for approval to buy back up to DM195m of its own shares and issue DM1.5bn worth of options and convertible bonds. The timing of Volkswa- try before stalking existing

ers puzzled analysts yesterday because the company's shares have been at low levels since a recent profit warning and a troubled capital increase in 1997.

At the time, Volkswagen angered shareholders by announcing a DM6bn capital increase without telling them what it needed the funds for, In March 1998, it abandoned half of the share

The company has said it US. would wait for the next Additional reporting by downturn in the truck indus-

majority shareholder in profits Scania, was believed to have asked for as much as SKr340 (US\$41) per Scania share - a bid that translates into a

for the whole of Scania. However Investor yesterday would only say that "nothing had changed" since it broke off talks with Volvo. the Swedish automotive group that recently sold its car division to Ford of the

roughly DM18bn price tag

Nicholas George in Stock-

Saga to sell assets to boost

By Valeria Sköld In Osk

Saga Petroleum, Norway's third largest oil company, has announced plans to sell up to NKr2bn (\$258.1m) in assets and cut staff, costs and business units to bolster profits and its appeal to potential alliance partners.

The cuts fill in the missing details from Saga Petroleum's earlier warning in February, when it vowed to radically restructure the rompany following a worsethan-expected net loss of NKr1.26bn last year amid low oil prices and huge write-downs.

Diderik Schnitler, Saga Petroleum chief executive, said the measures would help the company return to profit this year and allow it to grow, even under a \$10 per barrel oil price scenario, thus increasing its appeal as a partner. The company has ield alliance talks with several interested companies, but has not received any takeover bids, he said.

Saga has been the subject of merger speculation after Statoil, the Norwegian stateowned oil company, purchased a 20 per cent share holding in the company last year and amid an increasing number of mergers among oil companies.

"There is a takeover pre mium on Saga. The company has more than 1bn barrels in oil reserves and (its shares) ere worth more than NKr100", said Bjorn Jacobsen, an analyst at Fearnley Fonds in Oslo.

As part of the measures outlined, Saga plans to sell up to NKr2bn in non-strategic assets, including the pending NKr500m sale of the Visund oil field offshore Norway to Gaz de France which s now under consideration by the Norwegian authorities. Saga will realise the remaining NKr1.5bn through the disposal of its various interests in more than 100 off

and gas licenses globally. In addition, Saga aims to save more than NKr400m in annual administrative costs by cutting 430 from its 1,800 staff by July and spending NKr130m less on IT, travel

tion budget to NKr300m. reduce field development investments and UK activities, and halve its number of organisational units. Saga Petroleum has reorganised the company into 14 business units under four business areas: Norwegian shelf north, Norwegian shelf south, international, and oil

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COSMETICS

Glossy L'Oréal forecasts sustained growth ahead

L'Oréal, the French cosmetics group, yesterday reported a 12 per cent rise in 1998 net profits to €719m (US\$776m), and forecast another year of "strong growth" in 1999. Sales rose 9.1 per cent to €11.5bn. The company also reported a 9.5 per cent rise in first quarter sales to 62.6bn. It is planning to pay a dividend of FF118.5 a share, yet to be approved by shareholders, up from FFr16 in 1997. L'Oreal shares closed at 6651, up 6.3 per cent. Lindsay Owen-Jones, chairman, said 1998 had been an "extraordnary year" for the group, with uninterrupted growth in spite of the emerging markets crisis. Samer Iskandar, Paris

REPROGRAPHICS

Printers switch lifts Océ

Océ, the Dutch reprographics group, is benefiting from improved margins amid a switch to digital printers and copiers as well as a greater share from service contracts in its income. Net earnings for the first quarter rose 12 per cent to €28.2m (US\$30.4m) although revenues at €629.6m were just 1 per cent higher. Negative effects from exchange rates held back growth, particularly in its wideformat printing systems used in the engineering sector. Sales there fell 5 per cent to €170m, although the company expects that the imminent launch of a mid-volume printer-copier for that market will contribute to profits in the second half. The annual meeting approved a redenomination of Oce's capital to a par value of €0.50 from FI 1, to take effect from April 19. Gordon Cramb, Amste

BANKING

Ceska Sporiteina reports, loss

Ceaka Sporiteina, the dominant Czech retail bank that is due to be fully privatised at the end of this year, yesterday reported a preliminary 1998 loss of Kc3.8bn (€98m, US\$107m) according to international standards. In 1997 the bank had made a Kc2.8bn profit. The bank made Kc10.3bn of provisions last year because of stricter central bank rules on collateral for its loss loans, the impact of the Russian loan default on its investments, and the deep Czech recession. The volume of client deposits only increased by 3 per cent to Kc311bn while loans to clients fell 15 per cent to Kc142bn, partly because of the transfer of Kc10.4bn of bad loans to Konsolidachi Banka, the state factoring bank. The government expects to issue a tender in May for the sale of its 45 per cent stake in Ceska Sporlteins. To ensure it goes smoothly, it has transferred some of its bad loans, subscribed to a Kc5.5bn subordinated bond issue and is expected to remove low-interest social loans before privatisation. Last month the government also changed most of the bank's board and agreed to take part in a potential doubling of its share capital. Robert Anderson, Prague

HOTELS

Sol Meliá seeks expansion

Sol Meliá, the listed Spanish hotel group, is seeking to expand rapidly in Europe following the completion of a controversial merger process that has brought the different ily into a single unit. The restructured business is competing with a peer group of hotel operators which includes the Sheraton, Holiday Inn and Meridien brands for the acquisition of hotel assets in France. Hotend and Belglum owned by Libertel, a subsidiary of France's Vivendi conglomerate that has been put on sale. The plans by Sol Melia, which operates 243 hotels worldwide involve seeking to build up a strong presence in large cities in Europe and in Latin America. The company believes that by consolidating its hotel ownership and hotel management units It has the financial strength to grow by acquisition. Tom Burns, Medrid

Moroccan banks bend to the winds of change

Liberalisation of the economy is encouraging the sector to seek new sources of income, writes Roula Khalaf

he easy times are drawing to an end in Casablanca. After four years of surging profits, Morocco's quoted commercial banks posted only modest gains in According to Casablanca

Finance Group, a local securities firm, the average net profit increase for five large banks was about 8.6 per cent, excluding extraordinary capital gains. This compares with net profit rises of 15 per cent in 1997 and 22 per The more moderate

growth reflects changes in Morocco's banking sector in recent years. Less than two years ago, the industry was dominated by a cartel of sorts, with the leading banks largely agreeing on changes Last year, however, two

affiliates of foreign banks broke the trend, in a move that is rapidly turning the industry into a competitive market and one of the more vibrant in the Middle East and North Africa region.

Since 1993, Morocco's banking sector has benefited from liberalisation of the economy, which lifted strict loan pricing and freed banks from excessive reserve requirements. At the same time, the government promoted development of a current accounts, because stock exchange and fed it through privatisation of ficiently flexible. state entities, providing the

While the Moroccan economy remains at the mercy of rainfall - agriculture : ...accounts for 40 per cent of employment - drought has had a limited effect on the

banking sector. Most banks have little exposure to the agricultural and real estate sectors and compensate for the slowdown in growth through fin-



ancing increased food boosted by cheap deposits. According to a research report by Nomura, as much as 49 per cent of the custionally received little or no

Analysts say even companies keen their savings in savings accounts are not suf-But as Morocco begins to

agreement with the Eurochallenging.

While the banks are being on risk for smaller companies, the government is by borrowers. being urged to pursue fur-

Exchange controls to preimports. The banks' profit- vent capital flight remain in ability has further been place and several banks have yet to be privatised. They include Crédit Populaire du Maroc, set up in 15 co-operatives and controlling tomer deposit base has tradi- about 30 per cent of the country's deposits.

ankers, like industriaists, are also asking for more flexibility in dealing with staff. Younes Hani, Casablanca Finance Group, banks with a new line of implement its association says gains in productivity are becoming difficult to pean Union, bringing it into realise without a change in a free trade zone by 2012, labour laws. This, he says, is banking is becoming more one reason for banks'

reduced profitability. There is also a need to recurged by the business com- ulate the consumer finance munity to play a greater role market, which has seen in intermediation and take rapid growth but has aroused suspicions of abuse

With analysts predicting that margins will be further

squeezed this year, Morocco's banks are looking to generate new sources of revenue, says Anas Alami, analyst at Upline Securities

Wafa Bank is usually cited as the best example of successful diversification. The bank has only about 12 per cent of total deposits in Morocco but boasts a 35 per cent market share of the mutual fund business, which has seen explosive growth in banking sector analyst at recent years, as well as a 20 per cent share of the consumer finance market. on investment banking and brokerage. The bank, controlled by the Kettani family but quoted on the Casablanca bourse, is planning to

> by 2002. Other banks, such as Commerce Extérieur, the

50 per cent of total revenues

in 1995, are now trying to catch up and investing huge resources to expand investment banking activities.

Perhaps the biggest chailenge for the banks, however, is to move away from a small number of blue chip clients - state-owned or family-owned - and contribute more efficiently to development of the Moroccan economy. This requires better risk management and an upgrade in siaff.

What they will have to do is finance smaller, more Alami. "This means the personnel they hire will become more important and they will have to start better analysing companies. The banks raise non-interest income to still say today that small companies are too risky and cannot be touched.

As one industrialist puts Banque Marocaine pour le it: "Our banks are getting more competitive but they third largest bank privatised are still banks for the rich." | and gas.

Royal KPN N.V. with its registered office in Groningen and with its headoffice in The Hagus (the Netherlands)



Annual General Meeting of Shareholders

Notice convening the annual general meeting of shareholders of Royal KPN N.V., to be held at the Nederlands Congres Centrum, Churchillplein 10, The Hague, the Netherlands, on Thursday, April 29, 1999 at 2:00 p.m.

The agenda for the annual general meeting is as follows:

- 1 Opening and approuncements 2 1998 annual report of the Board of
- Management
- 3 1998 financial statements and annual report a Approval of the 1998 financial statements
- b Discharge of the members of the Board of Management and the Supervisory Board
- 4 Composition of the Board of Management 5 Appointment of a member of the Supervisory Board
- Opportunity to make recommendations for the appointment of a member of the Supervisory Board
- b Opportunity to object to the appointment of a member of the Supervisory Board as proposed by the Supervisory Board 6 Announcement of vacancies which will

arise at the next annual general meeting

- of shareholders in the year 2000 6 Authorization of the company to acquire its
- own shares
- 7 Designation of the Board of Management as body authorized to:
- a lssue shares and share rights b Restrict or exclude pre-emptive rights
- 8 Corporate Governance 9 Any other business and close

The complete agenda, including explanators notes, the financial statements and the annual report are available for inspection by shareholders and other persons enritled to attend the meeting at the head office of Royal KPN N.V., Prinses Beatrixlaan 23 in The Hague and at the offices of ABN AMRO Bank N.V., Herengracht 595 in Amsterdam, and can be obtained from these addresses free of charge. The information as referred to in article 142 (3) of Book 2 of the Dutch Civil Code is incorporated in the

explanatory notes to the agenda and is

furthermore available for inspection at the aforementioned addresses.

Holders of registered ordinary shares who wish to attend the meeting must notify the Board of Management in writing no later than Friday, April 23, 1999.

Holders of bearer shares who wish to attend the meeting must deposit their shares at the aforementioned address of ABN AMRO N.V. no later than Friday, April 23, 1999. The previous sentence also applies to persons who are entitled to attend the meeting by virtue of a usufruct or pledge established on shares.

The right to attend the meeting may be exercised by a written proxy, for which purpose forms can be obtained free of charge from the above addresses. The written proxy must be received by the Board of Management or the above office of ABN AMRO Bank N.V. no later than Friday, April 23, 1999.

Registration for admission to the annual general meeting will take place from 12:30 p.m. until the commencement of the meeting at 2:00 p.m. After this time registration is no longer possible.

Persons entitled to attend the meeting may be asked for identification prior to being admitted. Persons entitled to attend the meeting are therefore requested to carry a valid identity document, such as a passport or a driver's

The Board of Management

The Hague, April 9, 1999 Prinses Beatrixlaan 23

PAN-HOLDING

Téléphone: (352) 46 24 01/46 24 02 Téléfax: (352) 46 25 27

Société Anonyme - Luxembourg Siège Social : Luxembourg R.C. Luxembourg: B 7023 7, Place du Théâtre, Boîte Postale 408, L-2014 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the

ANNUAL GENERAL MEETING

which will be held at the registered office of the Company, 7, Place du Théâtre, Luxembourg, at 3.00 pm, on April 27, 1999, with the following agenda:

- 1. To accept the Directors' Report and to approve the financial statements and
- accounts for the year ended December 31, 1998. 2. To approve the appropriation of the results, to declare a dividend and to fix its
- date of payment. 3. To authorize the Board of Directors to delegate the day-to-day management of
- the Company to the Management Committee.
- 4. To grant discharge to the Directors for the proper performance of their duties.
- 5. To re-elect Directors.
- 6. To fix the Directors' emoluments for the year 1998,
- 7. To re-elect the Auditor. 8. To transact any other business.

The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the Company, P.O. Box 408, L-2014 Luxembourg, so as to reach them prior to April 22, 1989.

The owners of registered shares need not deposit their share certificates

Shareholders who intend to participate in the meeting should inform the Company in writing prior to April 22, 1999.

iders who cannot attend the meeting in person are invited to send the duty completed and signed proxy form to Pan-Holding S.A., P.O. Box 408, -2014 Luxembourg, so as to reach them prior to April 22, 1999.

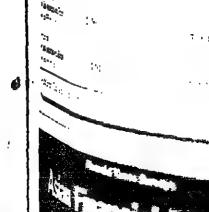
THE BOARD OF DIRECTORS

AND STEEL COMMUNITY 300,000,000 FRB day 201 Notice in housing green that the ratio of steeres for the promod from April 6th, 1999 it. July 981 1991 too bown head at 2,259 per core, per servann. The coupon amounts due to this ported in or FRF 53.50 per demonstration of FRF 10,000 and FRF 50.20 per demonstration of FRF 10,000 and FRF 50.20 per demonstration. Notice of Payment of Dividend to the Holders of Homestake Mining Company 5.5 per cent. Convertible Subordinated Notes Due 2000

Homestake Mining Company has declared a dividend of five cents per share on its Common Stock.

3. The dividend is payable in cash other than out of earned surplus

iks Mining Company



25

CONGLOMERATES PROFITS RISE BY 14 PER CENT BUT STILL FAIL TO MEET EXPECTATIONS

Surge in power systems lifts GE

by John Authors in New York

Oréal forecast

growth ahead

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conglomerate, succeeded in the research group, and the n the first quarter, on the trading to \$113%. pack of a 6.8 per cent ncrease in revenues.

nent with his bullish predicion that the company would egister "record perfor-nance" for the remainder of Most his year, thanks to "aggresive moves" to position itself or growth -

However, the results were base in manufacturing, reg-

not significantly ahead of intered increases. Power

has been overtaken by that ments during the first quar-Jack Weich, GE's chief of Microsoft in recent executive, also boosted sentimonths, but at \$373bn it \$1bn. remains the world's second largest company by market non-bank financial services Most sections of the com-

> into financial services and media from its traditional

the earnings predicted by systems logged the greatest leneral Electric, the US analysis polled by First Call, growth in profits, rising 21 aising profits by 14 per cent stock slipped \$% in early \$182m. The company said per cent from \$143m to Japan where it has been the division had signed 20 GE's market capitalisation long-term service agreeter, valued at more than \$40m.

> GE Capital, the largest organisation in the US, saw its profit rise 17 per cent to pany, which has diversified \$1.03bn, from \$881m in the first quarter last year, on the back of an II per cent increase in revenues.

It completed six acquisitions during the quarter, including several deals in

"bargain-hunting". Earnings from Japan rose almost 400 per cent compared to the first quarter of last year to The company helped its Global consumer finance. which covers nations outside

Revel Rack of Canada

the US, doubled its profits. The NBC broadcast network, still the largest in the US, raised profits by 12 per cent to \$334m. Mr Welch also pointed to a series of investments which NBC has made

Appliances was the only segment to suffer a decline in profits, dropping 2 per cent to \$161m on the back of a small drop in revenues.

share price with a share buyback programme. Cash generated from operating activities rose 37 per cent to \$2.1hn, of which \$425m was used to repurchase stock. Overall earnings were

\$2.16bn or 65 cents a share Revenues rose to \$24.17br

stand-off

By Louise Kahoe In San Francisco

Philips, the Dutch

The agreement ends a

45 days.

conduct a two-day dueilligence session this week. VLSI also agreed that if it eeks a formal proposal from standstill period, it will also

to renew its bid. VLSI, which is being advised by Morgan Stanley and Hambrecht & Quist, has been seeking alternatives to

In September and October VLSI lowered the prices of stock options offered to employees. Under US rules, this means that an acquisiback office operations are tion could not be treated as a

While things have rarely looked better for TD, the stock promises to be much more volatile than in the Nigel Heath, analyst with

Dominion Bond Rating Serin the markets and to waning investor enthusiasm for internet-related stocks. Mr Baillie acknowledges

higher than a few years ago.

"It really is a critical mass

business. You're not going to

be profitable until you are a

fair size. It is an area where

we can get a jump and keep

that for some time." The bar-

riers have grown higher as

commissions have dropped.

discount business will

continue to consolidate

because the economies in

establishing a distinct brand

and the synergies of merging

He also predicts the

the concern, but is not overly worried. "We are going to be more volatile," he says, "but we'll be vola-

Philips and VLSI end their

electronics group, has reached a standstill agreement with VLSI Technology. the Silicon Valley chipmaker that it launched a hostile bid for last month.

stand-off between the companies and could lead to a higher bid from Philips, analysts said. However, VLS1 has retained the right to seek alternative offers.

VLSI had previously rejected Philips' cash bid of \$17 a share, or about \$777m. However, last week the chip maker proposed the standstill agreement, which would give Philips access to its internal records while establishing a cooling-off period of

Philips, which initially rejected this proposal, yes-terday said it had agreed not to acquire more VLSI shares or pursue efforts to unseat VLSI's directors until May 10. The company extended its offer, which had been due to expire next week, to the and of the standstill period. In return, VLSI will open its books, allowing Philips to

a third party during the give Philips an opportunity

Philips' hostile takeover.

"pooling of interests", fol-

lowed by a big write-off. Instead, a US buyer would have to amortise goodwill over several years, which would lower its net earnings. But since European compaips, which is being advised by Credit Suisse First Bos-

VLSI shares were trading at \$191; in mid-session yesterday, down \$2 from Wednesday's close. At this price, VLSI's market value is

NEWS DIGEST

COMMUNICATIONS

rise on Bell contract Shares in Nortei Networks rose 8 per cent in early Toronto trading yesterday after the Canadian communications networking company announced it had won a contract to supply Bell Atlantic, the US carrier, with US\$600m worth

Nortel Networks shares

of local access network equipment. The contract was seen as an important victory for Nortel as it has been trying to increase its market share in local access products, which account for a significant portion of carriers' capital spend Alcatel, the French telecommunications equipment maker, was awarded a similar US\$800m contract, but

industry observers noted that Nortel had cut into Alcatel's market share. Prior to yesterday's announcement, Bell Atlantic had relied on Alcatel for about 80 per cent of its local access equipment. While Nortel is a leader in fibre optic transmission equip ment for long-haul traffic, it has taken only a modest share

of the market for local access equipment, "This [deal] speaks volumes about Nortel's ability to many datacom and optical networking. It sets up the long-term potential for Nortel to knock off Lucent Technologies (of the US) in the local access market," said one industry analyst. In a separate US\$400m agreement with Beil Atlantic.

Nortel is to upgrade voice switching equipment that it had previously provided to the carrier. Nortel shares were up C\$8.25 at C\$109.45 following the announcements. Scott Morrison, Toronto

Cisco makes two buys

Cisco Systems, the dominant provider of routers for internet traffic, is buying two companies for a combined total of \$445m worth of stock, boosting its ability to help telephone companies upgrade their networks to handle more voice and data traffic.

Cisco said yesterday it would buy Fibex Systems and Sentient Networks, which make equipment that support the asynchronous transfer mode (ATM) standard - switching technology that allows high-speed transfer of voice, data and video across a network. Reuters, San Jose, California

ACCOUNTANCY

D&T sells subsidiary

A subsidiary of Deloitte & Touche, the US "Big Five" accounting firm, has been sold through a management buy-out. Resources Connection, which had seen revenues rise to \$100m a year from its foundation in 1996, was spun off in order to avoid regulations which were already clipping S9m a year off revenues, The unit provides skilled professionals on a project or

interim basis to clients to help with M&A deals, IT system installation and other assignments. However, the business was constrained by rules governing services which it was unable to supply to audit clients of Deloitte & Touche. The MBO was backed by Evercore, the New York investment firm founded in 1995 by Roger Altman, former US deputy treasury secretary. Jim Kelly

PHARMACEUTICALS

Overseas growth lifts Abbott

Abbott Laboratones, the US drugs and healthcare products group, yesterday reported a 13.2 per cent increase in first-quarter earnings per share, to 43 cents. After-tax profits stood at \$666.6m, up from \$589.6m previously, with sales increasing 8.3 per cent to \$3.3bn. The strongest sales growth came outside the US, although domestic sales increased by about 6.5 per cent. The results were slightly better than analysts' forecasts and Abbott shares rose \$12 in early trading to \$49%. Nikki Talt, Chicago

1D leapfrogs to top of Canadian bank league

Toronto-Dominion Bank's discount prokerage business nas given it a lift, writes Edward Alden

oronto-Dominion Bank, long the smallest of Can-ada's "big five" banks, this week became the larg-

With investor enthusiasm for TD's burgeoning discount brokerage business pushing its stock to a record high, TD has overtake perennial leader Royal Bank of Canada as the largest Canadian bank by market capitalsation. At Wednesday's closing

share price of C\$78.50, TD was valued at more than C\$23.2bn (US\$15.5bn). slightly above Royal Bank's C\$22.8bn. TD shares were up another C\$1.90 to C\$80.40 in sarly trading yesterday.

Most of the excitement has been generated by the cank's announced plans to spin off its global discountprokerage through an initial public offering of 10 per cent of the business.

TD is the world's second largest discount broker, and is growing more rapidly than Charles Schwab, the largest. "It's very rare that a Cana-

dian gets that kind of opportunity in a high-growth business." Charles Baillie, chairman and chief executive, said yesterday. "We'd really like to push that." trading at more than 90

predicting that TD's IPO transition. could generate close to increase spending on adver-Shares in the new company, to be known as TD Water- portions that promised the



Going for growth: Charles Baille says dis

be a much more potent cur-

While TD has historically dian bank, it has often been diamissed as a poor cousin to dian Imperial Bank of Com-ILMETCE.

CIBC.

scale. TD appears well abead times earnings, analysis are of its rivals in making that

Mr Baillie said the bank C\$1bn, allowing it to began to scrutinise all 34 lines of its business three tising and technology, years ago and to allocate

house Securities, should also best return on equity. That ied to a decision to rency for acquisitions than abandon two businesses the bank's lower multiple entirely, payroll and custody, and to concentrate on seven areas: discount and generated the best share- full-service brokerage, holder returns of any Cana- investment management, ers can invest for higher mutual funds, electronic returns while enjoying the banking, retail branch same services associated Royal Bank and the Cana- banking and investment with traditional bank

hanking. TD's competitors are only But shares in the other beginning that process, you can take loans out, you banks have languished since Anthony Comper, the new can transfer money and you the government last year chief executive at the Bank get a better return than you blocked two merger of Montreal, announced a would on a bank account. To proposals that would have similar review in February. us it's really banking ... It's joined Royal with the Bank and CIBC's incoming chief very much the way our of Montreal and TD with executive, John Hunkin, fol- industry will look going for--lowed suit last month.

banks must become more ties the US discount broker the operations of Bull & vice, which downgraded all nies are already restricted in focused players, concentrating on niche businesses on a 1996, revenues from TD's discount brokerage subsiding month, says TD is heavily requirement does not represent the use of "pooling", this instance of the US discount brokerage subsiding the use of "pooling", this requirement does not represent the use of "pooling", this instance of the use of "pooling", this requirement does not represent the use of "pooling", this instance of the use of "pooling", this instance of the use of "pooling", this is the use of "pooling", this grew by 87 per cent over the accounts. Bull & Bear is the last year While net income more than doubled.

TD's entire wealth Direct, was seven years ago, management business and Action Direct has since produces just 16 per cent of profits, but it is growing capital to high-growth rapidly worldwide at a time when Canada's bunks face a berriers to entry are much

saturated market at home. Mr Baillie says the discount business is an integral part of TD's core banking strategy. Rather than leaving money in low-yielding deposits, brokerage custom-

accounts. "You can make deposits,

ward." Analysis say that without for TD, the crown jewel the size the mergers would have brought. Canadian Led by Waterhouse Securisame size that Royal's Canadian discount broker, Action

> grown into Canada's second largest behind TD. But Mr Baillie says the

enormous.

tile from a higher base."

Deutsche Bank



Aktiengesellschaft

(Incorporated in the Federal Republic of Germany with limited liability) Frankfurt am Main

We are convening our Ordinary General Meeting this year on Monday, May 17, 1999, 10.00 a.m. in the Festhalle, Messe Frankfurt, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main.

Agenda:

- 1. Presentation of the established Annual Financial Statements and the Management Report for the 1998 financial year, with the Report of the Supervisory Board, presentation of the Consolidated Financial Statements and the Group management report (according to IAS) for the 1998 financial year
- 2. Appropriation of distributable profit
- 3. Ratification of the acts of management of the Board of Managing Directors for the 1998 financial year
- 4. Ratification of the acts of management of the Supervisory Board for the 1998 financial year
- 5. Section of the auditor for the 1999 financial year 6. Authorization to acquire own shares
- 7. Approval of the agreement on the hive-down of the partial
- business Retail Banking of Deutsche Bank AG to Bank 24 Aktiengesellschaft 8. Approval of the control and profit transfer agreement between
- Deutsche Bank AG and European Transaction Services Aktiengesellschaft (formerly: GRABA Beteiligungs Aktiengesellschaft), Frankfurt am Main 9. Increase of share capital from company funds, adjustment of
- conditional capital amounts, and amendment to the Articles of 10. Amendment of the remuneration of the Supervisory Board. amendment to the Articles of Association
- 11. Creation of new authorized capital and amendment to the Articles of Association
- 12: Creation of additional authorized capital (with the possibility of excluding pre-emptive rights pursuant to § 186 (3) sentence 4 Stock Corporation Act) and amendment to the Articles of Association
- 13. Authorization to issue participatory certificates with warrants and/or convertible participatory certificates, bonds with warrants and convertible bonds, creation of conditional capital, amendment to Articles of Association

- 14. Authorization to grant option rights to employees of Deutsche Bank Group through creation of conditional capital and amendment of the Articles of Association
- 15. Conversion of bearer shares to registered shares, exclusion of claim to certificate form and amendments to the Articles of

Shareholders entitled to participate in the General Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting.

Depositary banks are those specified in the Bundesanzeiger of the Federal Republic of Germany No. 62 of March 31, 1999

Depositary banks in the United Kingdom are: Deutsche Bank AG London

6. Bishopsgate. London EC2P 2AT

Securities Services UK Department. Ground floor, Suffolk House, 5 Laurence Pountney Hill, London EC4R OEU

Shares shall only be deemed deposited if they have been lodged by May 7, 1999, at the latest, with either or the afcrementioned depositary banks or with any other authorized depositaries in the United Kingdom, in the U. K., entrance cards or forms of proxy will be issued by the aforementioned offices of Deutsche Bank AG or Midland Bank pic to whom application should be made.

Copies of the Annual Report as well as the complete wording of the Agenda will be available at the aforementioned banks on or about April 12, 1999.

Frankfurt am Main, April 1999

The Board of Managing Directors

Carrefour SALES, TAXES INCLUDED AS OF MARCH 31, 1999 March 99/ March 31, 1999 Group spies 18.9 3 288 33,8 34 690 12 054 in FF million In March, Carrefour has opened its 22nd store in Taiwan (Taishung - Cheng Shing, 9 000 m²)

Asian Financial Markets Friday April 30 For further information please contact: Heather Riley in Hong Kong Tel: +852 2905 5553 Fax: +852 2537 1211 Email: heather.riley@FT.com or Larry Kenney in London Tel: +44 171 873 4835 Fax: +44 171 873 3204 Email: larry.kenney@FT.com FINANCIAL TIMES

VINDUSTRIVÄRDEN Annual General Meeting

Shareholders of AB Industrivarden are cordially invited to attend the Annual General Meeting on Wednesday, April 21, 1998, at 2 p.m. at Grand Hotel, Vinterträdgärden, in Stockholm, Sweden.

For complete notice with agenda, please contact Industrivarden.

Stockholm, Sweden, March 1999

The Board of Directors

AB Industrivanden (publ.), Box 5403, SE-114 84 Stockholm, Swa Phone +46 8 666 64 00, Fax +46 8 661 46 28, info@industrivarden.se o www.i

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Kokumin Bank. Tokyo-based second-tier regional bank, yesterday said it was appealing to its leading shareholder to help boost its capital base in the wake of an inspection by the Financial Supervisory Agency, the banking watch-

It is understood the FSA's inspection will show the bank to have a capital deficit of around Y50bn (\$412.5m). Should Kokumin Bank be unable to raise more capital. government authorities

A total of Y7,450bn of public funds was injected into leading banks to stabilise the ailing banking system, but Kokumin's woes could be the first sign of further problems in Japan's large regional banking sector.

Yukio Okonogi, Kokumin's president, yesterday said it had asked for help from Kokusai Kogyo, a transport and leisure group that owns 75.3 per cent of Kokumin.

We have not heard from the Financial Supervisory Agency or the Financial Credit Bank, two insolvens Reconstruction Committee. received the official results cials were doubtful whether of the inspection. At the this option would be chosen moment we plan to continue for a smaller bank.

Coupon No: 111

UK Tax:

Payable at:

UBS AG

CH-8008 ZURICH

Generale de Banque

LONDON ECPA 1BR

London Office:

Computershare Services pic 7th Floor Jupiter House, Triton Count, 14 Finsbury Square,

UK income tax (where applica

main shareholder. Kokusai

Rogyo. Kokumin, which was established in 1953, is a small bank with 38 domestic branches, 745 employees and some Y520hn in deposits. Kokusai Kogyo, which is unlisted, said it would not comment on whether or not it would aid Kokumin until the result of the FSA's

doubtful whether the company would be prepared to advance further capital. In fiscal 1997, Kokusai Kogyo injected some Y23bn into Kokumin through a third party share allocation

But industry insiders were

inspection was announced.

and the purchase of Kokumin's headquarters. This helped the bank raise its capital adequacy ratio ahead of a government plan requiring banks to adopt prompt corrective action if they did not meet capital

adequacy standards. Kokumin's troubles highlight the continuing fragility of the Japanese banking sys tem. Last year. Nippon Credit Bank and Long-Term hanks, were forcibly nation alised. But government offi-

De Beers

De Beers Consolidated Mines Limited

Uncorporated in the Republic of South Atrica)

NOTICE TO HOLDERS OF LINKED DEFERRED SHARE WARRANTS TO

REARIES - MAYMENT OF COUPON NO. 171

bits): 10% or 16.4 cents per share

16.26357p per shure

18.43721p per share

Créck Suites First Boston

ustings and Flecki Agenti

Banque Bruxelles Lembert S.A.

68 route d'Esch L-2953 UJXENBOURG

Avenue Marrix 24 B-1000 BRUXELLES

Uetübergstrasse 231 CH-6070 ZURICH

Date of payment. On or after 26 May 1999 Amount: 184 cants per share (South African currency)

Dickson Concepts to sell foreign assets

Dickson Concepts. one of Hong Kong's most successful international companies and owner of London's upmarket retailer Harvey Nichols, has announced it will sell its for-

Global brands, including controlling stakes in Harvey Nichols and ST Dupont of France, will be shifted into a private company owned by Dickson Poon, chairman, and his family. Mr Poon and his associates will pay at least HK\$1.53bn (US\$197.4m)

for the aggregate portfolio.

The deal strengthens the halance sheet of the new. Asian Dickson Concepts, giving it net cash of some HK\$435m. While this makes it a more attractive acquisition. Mr Poon underlined his commitment to both the company and its public list-

Mr Poon said the move would unlock shareholder value while allowing for common control and ownership under the wider Dicksised the importance of global networks, and that's the whole beauty of this transaction," he said.

Dickson Concepts was severely hit by the Asian financial crisis, which made dents not only in the Asian stores but also at luxury names like ST Dupont. which relied beavily on Asian buyers. As a result, Dickson

Concepts is set to announce its first annual loss in 19 years of trading. However, Mr Poon said that as Asia moves into recovery the company could dragged down further by its European interests

ST Dupont's restructuring is expected to be costly and will not generate returns in the near term, while the cost of expanding Harvey Nichols in a mature market would also be a drag on the group. "I strongly believe in the

future growth and profit potential of the Asian businesses, and that is why I'm for assets already owned."

son umbrella. Dickson as a willing to increase further whole has always empha- my interest in Dickson Concepts." he said.

The restructured Dickson Concepts will be less cashhungry than the non-Asian privately owned vehicle. which Mr Poon said will require funding of over HK\$500m over the next two to three years. This includes £20m (\$31.9m) for the opening of Harvey Nichol's latest new store in Edinburgh.

While this burden now falls to Mr Poon and his family, some bankers noted that Mr Poon may list the private entity further down the line, while others said partial privatisation at depressed market values was often opportunistic.

But some figanciers pointed out that shareholders could have obtained a higher price in the market. Stephen Clarke, managing director at Anglo-Chinese Corporate Finance, said: "The price may be fair, but a controlling shareholder is not going to pay top dollar

The non-Asian assets. plus certain of their debt obligations, will be acquired by Mr Poon and his family and, in return. shareholders will receive a special cash dividend of HK\$6.80 per share.

After the disposal, Mr Poon will make a partial offer for 51m Dickson Concept shares at HK\$2 a share. Shareholders who take up this offer will effectively receive HK\$8.80 a share. a premium of 42 per cent to the closing price before trading in the shares was suspended on Wednesday. While the Poon family will

tighten its grip on the slimmed-down listed entity as well as acquiring part of its portfolio. Mr Poon ruled out a full privatisation The group intends to maintain its listing on the Hong Kong stock exchange;

float of 35 per cent of the Mr Poon would only say that funding would come

under domestic rules that

will mean keeping a public

Dickson Poon, chairman, has ruled out full private from his internal resources. Mr Poon now owns 51.9 per cent of Dickson Concepts. and a further 2.5 per cent is

held by his family. As such he himself is a beneficiary of the dividend

payout which should leave him with a funding shortfall of some HK\$700m to pay for the assets, calculates Cariton Poon, director at Worldsec International, a Hong Kong

Schweppes moves to secure sale | Profits rise at Sinar

Cadbury Schweppes, the UK confectionery and beverage group, said yesterday it remained confident that its planned sale of soft drink brands to Coca-Cola would proceed despite objections raised by Australia's competition watchdog.

The ACCC yesterday said Coca-Cola's proposed acquisition was likely to breach domestic merger provisions. Under the original proposal. there would be a "substantial lessening of competition in the market for the production and wholesale supply of carbonated soft drinks in Australia".

David Kappler, Cadbury's finance director, said the \$1.85bn deal with Coke for its potential effect on

would not be materially domestic affected by the Australian Competition and Consumer Commission's decision and would probably be completed in the third quarter. "Australia was always obviously a useful part to the total deal, but I'm not anticipating any material adverse effect on the total consideration we shall receive."

Regulators said they would consider a revised proposal submitted by Coca-Cola and Schweppes. The revised proposal is believed to include provisions for the divestment of some of Schweppes main beverage brands in Australia, Allan Fels, ACCC chairman, said the commission would investigate the revised proposal

competition. supplying The original proposal would have seen Coca-Cola's share of the carbonated soft drink business in Australia rise to about 75 per cent from 65 per cent, said the ACCC. Cadbury Schweppes controls about 14 per cent of the market. PepsiCo about 9 per cent and other small independents the remaining 12 per cent. Under the initial

proposal. concentration

would have been even

higher in non-supermarket

segments of the market. such as hotels and clubs. With Schweppes' international brands. Coke would have a pre-eminent range of premium branded soft drinks, threatening the

from the initial deal and addressed the ACCC's "core concerns". "The companies had positive discussions with the ACCC...regarding the amended proposal and

believe that real progress

has been made towards a

Coca-Cola said yesterday

its amended proposal sub-

mitted to the ACCC was

"substantially different"

successful outcome. Coca-Cola owns 43 per cent of Coca-Cola Amatil. the Australian based bottling operation.

Coca-Cola Amatil vester day said it had begun talks with Coca-Cola regarding the company's "possible involvement" in the deal between capacity of existing and new Coca-Cola and Cadbury participants to compete in Schweppes.

Mas pulp subsidiaries retailers.

The three pulp and paper subsidiaries of Sinar Mas, one of Indonesia's largest conglomerates, all reported stronger profits yesterday but fluctuations in Indonesia's foreign exchange and interest rates overshadowed operational results.

Indah Kiat Pulp & Paper said profits were up 24 per cent to \$263.1m after a 19 per cent rise in sales. Foreign exchange losses of \$163.3m and interest expenses of \$102.7m took a bite out of the operating results.

Pindo Deli Pulp & Paper Mills said profits rose fourfold to \$80m, from \$15.5m last year. Sales rose 58 per

cent to \$534.2m and foreign exchange losses fell by almost two thirds to \$22.8m but interest expenses rose by more than 50 per cent to \$73.4m.

Pabrik Kertas Tjiwi Kimia, which produces only paper, said profits rose 54 per cent

250

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Unlike its sister companies, which rely mainly on pulp sales, Tjiwi Kimia saw sales decline to \$631.4m from \$705.5m. Pulp sales have held up

thanks to the rise in the competitiveness of Indonesian pulp following the collapse of the rupiah. Production costs for Sinar Mas pulp plunged from \$290 per tonne to just under \$100.

Renong adapts to the new order

The Asian crisis has led the conglomerate to distance itself from the government

By Shells McRuity in Kusia Lumpur

↑ t the first annual gen-Coupons paid by any of the continental paying agents under 6 above with be payable in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the payment proceeds can be given only to such authorised dealer by the paying agent concerned.
 Coupons paid by Computershare Services pic in London will, unless the paying agent to the payment of the payment of the payment.

payment in South African currency is requested, be in the stering equivalent shown in 5 above in respect of coupons lodged up to 19 May 1999 and themselver at the rate of exchange on the day the But the length and depth De Seers Consolidated Mixes Limited London Secreta Centenary Depositary AG (Incorporated under the laws of Switzerland) NOTICE TO HOLDERS OF BEARER CENTENARY DEPOSITARY RECEIPTS - DIVIDEND DISTRIBUTION NO. TIL AGAINST PRESENTATION OF COUPON NO. 18

10.90389

0.18656

11.07024

Subject to approval at the Annual General Meeting of De Bears Cantenary AG dua to be held on 11 May 1999 dividend distribution No. 16 will be effected as follows Coupon No: 18 Date of payment. On or after 25 May 1999 Amount: 20 70148 US cents per deposite Currency equivalence (on 29 March 1998). US Cente UK curren

Amount per depositary receipt — attributable to Centenary Holdings. 12.00000 6.00000 7 38827 3 69914 18,00000 11.09741 attributable to De Beers Centenary AG 2.70149 2,78250 Total dividend distribution 20.70143 - laws. Swiss withholding tax at 0.58352 1.27629 35% of above* (see 6 below) UK tex 51 10% of above +

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. Payable at UB\$ AG ment 1/OCCE Uetliberystrasse 231 CH-2071) ZURICH

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Montagne du Parc 3 B-1000 BRUXELLEE Computershare Services pic 7th Floor Jupiter House, Triton Court, 14 Finsbury Square, LONDON EC2A 18R

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Aeral meeting of Renong after the Asian financial crisis began, press officers of debtor barred reporters from the room, assuring them that Halim Saad, executive chairman, would eventually come out to address them. He left through the kitchen door.

of the crisis have made it impossible for a company of Renong's stature to maintain such secretiveness. It has emerged that the infrastructure conglomerate has M\$28bn (\$7.37bn)in borrowings - about 5 per cent of banking system loans - and is facing significant financial difficulties. Renong reported at the end of March that its osses widened to M\$1.32bm for the six months to end

The crisis has diminished the prestige of one of the

analysts believe it will never return to its former position of distinction.

Malaysia's biggest corporate ruling Umpo political party and, despite denials, the group's attempts to restructure have only heightened analyst impressions that the authorities still accord it special treatment.

But the crisis has ushered outs of the private sector.

institutional regulations.

most watched groups in Mai-aysia, with a stable of nine rowed M\$2.4bn to buy a 32.6 form of incentives for inveslisted companies and busi- per cent stake in Renong. nesses ranging from con- and the authorities granted struction to telecommunica- special privileges in the form operations. tions to oil and natural gas. of a waiver to UEM, excus-

government remain, some general offer for the remain- plan to distance the govern-

Renong was once the investment vehicle of the

in a new willingness on the part of shareholders to express dissatisfaction with perceived government bail-Renong's efforts to restructure have been plagued by

problems, as the investment community interpreted privi- restructuring this month. leges given by the government as a demonstration of its lack of commitment to

And though its ties to the ling it from having to make a even came up with another ing shares of Renong.

whole, interpreting the deal as a politically sanctioned and forced bail-out of a heavily indebted parent comholders. Late last year, the com-

bined Renong-UEM group to contend with a governannounced it would be the ment attempting to be more beneficiary of a M\$10.5bn government-sponsored debt restructuring. nvestors and analysts once

more expressed dismay at the government's obvious from an unknown real-estate support, forcing the replacement of that plan by a third conglomerate. This last restructuring has

been far more acceptable in that it does not include direct government backing a long time because the base The group first turned to for a total issuance of its UEM subsidiary, long M\$8.4bn in bonds to bring favoured by investors debt payments of Renong because its toll operations and UEM up to date. But generate steady cash flow. analysts said government assistance remained in the tors and extended concessions on the group's toll

Nevertheless, that Renong

ment from the group signal Investors abandoned the just how much business is stocks, and the market as a going to change for the conparty has made big inroads

with charges of favouritism. The sentiment of the pubpany by its subsidiary at the lic is different," says an anaexpense of minority share- lyst at a bank-backed brokerage house

Not only will Renong have responsive to the public, it also needs to face up to the end of the rapid burst of infrastructure growth that enabled it to transform itself company into a far-reaching

Renong is an animal created in the construction boom. We are unlikely to see that quantum of activity for already is so large," says Lai Tak Heong, research director

at SG Securities. leaves Renong and UEM with little choice but to dispose of assets to repay Beyond that is the likelihood UEM's toll-road operator, that the authorities will PLUS, which will issue the

SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 300 000 000 REVERSE FLOATING RATE HOTES

DUE APRIL 2003 LSIN CODE : \$50041992784

For the period April 07, 1999 to July 07, 1999 the new rate has been fixed at 11,995 F. P.A. Next payment date: July 07, 1999 Compost ur: 22 Amount:

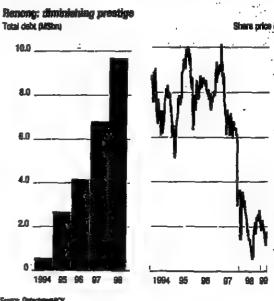
FRF 293.10 for the

nomination of FRF 10 000 FRF 2 930,96 for the namention of FRF 100 000 FRF 29 309,58 for the

THE PRINCIPAL PAYING AGENT

SOCIETE GENERALE AND A TRUST SA

ios of FRF 1 000 000



Renong and UEM to pay lighted the severe consetheir debts. Upon maturity, quences for the banking sec-PLUS will have to pay M\$16.7bu to bondholders. So too much business is Renong must, in turn, repay PLUS M\$8.8bn and UEM must repay M\$5.9bn in 3006. Analysts worry whether Renong and UEM can sell

their assets, noting that on a recovery in the econ-

Herr Kong. A April, 1989

tor and the wider economy if entrusted to a single group.

"It is a huge problem." Mustapa Mohamad, second finance minister, told reporters as the government was The latest restructuring their success is contingent thrashing out the restructuring. "It is a big company omy, now in recession, involved in strategic infra-Beyond that is the likelihood structure." Given its recent troubles, the days of want to spread their risk in Renong's uncontested rank-M\$8.4bn of seven-year, zero- future, given that the ing in the business commucoupon bonds to allow Renong debacle has high- nity, might well be over.

VRANKEN -Monopole-

FORECASTS ACHIEVED MET INCOME DOUBLED TO FRE 44.5 MILLION

At 31 december	1	898	19	98/97	
	FRFm	6M	FRFm	6 M	
Sales	744.4	113.5	730.2	111,3	+ 1.9 %
Operating income	135.7	20.7	103.7	15.8	+ 30.8 %
Operating income after financial expenses	79.4	12.1	46.3	7.0	+71.4%
Group share of net income	44,5	6.8	21,6	3.4	+ 106.0 %

Net income for the Group exceeded forecast figures, and this despite higher needs due to rapid expansion of its sales network and a build-up of stocks in enticipation of growing demand in the years ahead.

Group trading operations, reinforced in 1998 for all its leading brands, led to increased market share in all distribution charmels, with volume sales up from 8.7 million bottles to 10 million bottles. This new headway in France and its expanding export business give the Group high market visibility in both volume and value of sales. Vranken Monopole expects to see double-digit growth in 1999, with net income up by

A dividence equivalent to 30 % of consolidated net income, or FRF 5.51 per share Including French tax credit) will be proposed at the Armual General Meeting. CHAMPAGNE

CHAMPAGNE CHAMPAGNE VRANKEN Charles LAFITE HEIDSIECRECO

MONOPOLE

SINO LAND COMPANY LIMITED US\$200.000,000 5% Convertible Bonds due 2000

US\$208,000,000 5% Convertible Bonds due 2001 US\$145,000,000 4% Convertible Bonds due 2002 ("Boods") NOTICE TO BONDHOLDERS The Directions of Suno Land Company Landied ("the Company") on 29 March, 1999 declared an averam dividend of HKS1005 per share twith an option for strip dividend for the half-way ended 31 December, 1998 to shareholders whose nature appear on the

r un 23 April, July Dividend warrants and stare certificates will be despitched up or about 24 May, 1999. The register of members of the Company will be closed from Tuesday, 20 April, 1999 to the dates inchesses. From 20 April 1999 1000 cases memories.

Repartered hadders of cerving Bends who west to exercise them conversion rights attaching to their Bonds on a to be emitted to the cash inform dividend should lodge the properly completed and signed conversion forms together with the bond certificates with their Avents on a to reach the Company before 4500 pm of Hong Kong times on the 25 April 1900.



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iy John Gapper, Acdia Editor

Janal Plus, the French pay elevision company, has offered to acquire the satelite subscribers of a rival pay elevision service in Italy as part of negotiations that could bring an end to a longunning rivalry

Canal Plus's Telepiù serrice is thought to have offered about \$110m to take to the talks, Canal Plus 30,000 subscribers from Stream, controlled by Tele- ming to both Telepiú and

to restructure the loss-

Canal Plus, which recently broke off merger talks with British Sky Broadcasting. the UK pay television company, wants to supply programming to both Telepiú and Stream, but leave Stream's cable subscribers with Telecom Italia.

According to people close wants to supply programcom Italia. Telecom Italia is Stream, while leaving the

arate. This could help avoid European Commission

monopoly concerns. The talks have been prompted both by the Olivetti bid, and by opposition to earlier efforts by News Corporation, which is controlled by Rupert Murdoch. to build up Stream as a rival ervice to Telepiu alongside

Telecom Italia. Following political opposition and delay in signing other partners to Stream, Mr Murdoch entered talks with

Stripping: pushing the boat on

● Oct.98 PSO 680 11

also considering other offers two platforms nominally sep- Canal Plus on a combination is seeking to reduce its stake of their European pay tele- in Telepiú to about 45 per vision interests. News Corp

cent from 90 per cent. holds 40 per cent of BSkyB. The French group is It would be relatively easy thought to be offering a little to rum satelifte subscriptions under the benchmark price to Stream and Telepiú alongof \$1,500 per subscriber in side each other because both similar deals. of the services are broadcast Analysts have said that from the same satellite. Tele-Telecom Italia might be

più is estimated to have forced to close Stream if it about 1.4m subscribers. cannot strike a deal. Olivetti Canal Plus executives also has said it would seek a hope that Telecom Italia "strategic alliance" for could take a minority stake Stream if it succeeded with in Telepiù as part of a settleits hostile bid for Telecom ment. The French company

French group in nuclear shift

By David Owen in Paris

Framatome of France expects to make more money from connectors this year than from its traditional nuclear business.

Figures released yesterday with the group's 1998 results show it expects €230m (\$248m) of consolidated operating profit from connectors in 1999 – un from €108m last year - against €200m from its energy sector.

This would mark a substantial change for a company created 40 years ago as Franco-Américaine de Constructions Atomiques to develop French expertise in nuclear reactors.

Much of the projected rise in connector-related profits and turnover is attributable to last year's \$1.5bn acquisi-tion of US-based Berg Elec-tronics. Following the takeover. Framatome claims to be world number two in connectors. As recently as 1997, operating profit from the energy sector was four times that from connectors.

Confirmation of this shift in the group's centre of gravity came as it reported a fall from €151m to €92m in annual net attributable profit. The result, on turnover marginally down from €2.8bn to €2.75bn, was in a year when the company did not invoice for any new nuclear power units. Consolidated operating income fell from €366m to €247m.

Yesterday's developments follow considerable speculation about possible changes in the company's shareholder base.

Serge Tchuruk, chairman of Alcatel, the telecommunications equipment group which owns 44 per cent of Framatome's capital, disclosed last month that the French government was to allow Alcatel to pull out.

There has been no clear indication of who Alcatel's replacement, or replacements, might be. Mr Tchuruk made clear that details on the withdrawal had not

Harnischfeger climbs higher

By Nikki Tait in Chicago

Shares in Harnischfeger, the ment, continued to climb early yesterday in spite of the company's downbeat that there may be a potential buver for the company.

The claim was made by Trinity I Fund LP, an investment group linked to the Texas-based Bass family, which holds an 8 per cent stake in the company. In a filing with the Securi-

ties and Exchange Commission, Trinity claimed that Harnischfeger's board might be "neglecting its fiduciary duty, particularly with respect to the evaluation of a recent offer that the company received from another company in the industry". Trinity did not reveal the

identity of the interested purchaser, but said it did not understand the basis on which the proposal "and the potentially significant synergies it could offer" were being evaluated.

Harnischfeger said yesterday that its next scheduled board meeting was due in US manufacturer of mining May, and that it had no and paper-making equip- plans to bring this forward after Trinity's claim.

The Trinity letter indicated that no independent response to the disclosure directors had met with the potential buyer, and said that the investment group itself would like to meet with non-management board

But Harnischfeger said yesterday it was not aware of plans by the board to meet representatives of Trinity in the wake of the letter's publication. The company considering any credible

opportunity". By lunchtime yesterday, Harnischfeger shares were \$1 higher at \$85, although this is still way below the 52-week high of almost \$35.

The company has faced a variety of problems recently - notably with a big papermaking machinery contract in Indonesia and also with the fall-off in demand for mining equipment.

Cap Gemini to buy Beechwood

By Christopher Price

Cap Gemini. Europe's biggest information technology services group, is paying \$200m for Beechwood, a US computer services company serving the North American telecommunications market. The acquisition is the lat-

est example of European software and services companies moving into the US market. They have been drawn by

the opportunities offered by the size of the region, and the fragmented nature of the computer services business Based in New Jersey.

Beechwood employs about 400 and last year made revenues of \$56m. It is forecasting a 43 per cent increase to \$80m in 1999.

The company provides

information technology services to the telecoms industry, which is becoming increasingly reliant on techpology as one of its main revenue drivers.

Cap Gemini said that Beechwood would be able to integrate with its existing US operations and generate other high value business for the group.

Cap Gemini last year reported revenues of \$623m from its US operations. which employs 4,000 people. its US telecoms business employs 750 consultants and last year had revenues of \$1:0m last year.

Cap Gemini sald the acquisition of Beechwood would enable it to offer global solutions in the customer relationship management market as well as customer care and billing services.

Shipping weathers increased pressure

Mergers are meeting cost/scale demands say Charles Batchelor and Valeria Sköld

around the world are commodity markets such as applying the rules of tankers as well as in speciseamanship to the way they manage their business

se at Sinar

subsidiaries

.Just as a large ship is more favourably placed to ride out a stormy sea than a smaller vessel, so shipowners are concluding that bigger is better when it comes to weathering the storm of commercial pressure on their industry.

Three deals in the past month in the Nordic shipoing community have highlighted the scramble for safety in size which has characterised the sector over

the past two years. The latest pairings are reekay Shipping, operator of the largest fleet of mediumsized oil tankers, which is buying Norway's Bona Shipholding: Wilhelm Wilhelmen, also of Norway, which is to integrate its car-carrying and roll on/roll off freight activities with Wallenius Lines of Sweden; and Sea Containers which is taking control of Neptun Maritime,

a ferry and cruise group. The rationale for the three deals is different but they indicate that the urge to

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Acr 97 Hesture Orient Une (5"por ard-pressed shipowners the shipping industry - in O.Acr DG Comment d.Ed. tankers as well as in specialised sectors such as car transporting. "The market has definitely sparked up," says Peter Stokes, head of shipping research at Lazard Capital Markets. "Generally they have been defensive mergers but there has been

> teric alliances." The increase in activity represents a modest reversal of the trend of recent decades which has seen the fragmentation of the shipping empires of the traditional European shipping nations.

some activity involving stra-

This led to ownership shifting to individual, often highly secretive owners meny of them Greek - or to dynasties in south-east Asia.

The latest round of merger activity has been given a push by the problems of the Asian economies, though chronically low rates of return have been the norm in sectors such as containers for many years.

In addition, "conference" agreements which have been the traditional way of maintaining earnings in the conmerge is occurring across tainer and general cargo widely differing sectors of markets, have been under-

mined by the regulatory authorities. The European Commission's competition directorate has harried the

routes for many years. These pressures have forced ship-owners to engage in mergers for the following

conferences on the trans-at-

lantic and Asia-Europe

 Cost savings. In sectors newly emerging ship-owning such as containers and the cruise industry, considerable savings ashore and at sea can be achieved by operating larger fleets. Maintaining networks of agents selling container "slots" on vessels is expensive. Combining sailing schedules and bulk purchasing of port handling services can also produce

SAVINGS. "The cruise industry also has high costs maintaining brand awareness through advertising." says Ole Storer.

shipping analyst at Morgan Stanley Dean Witter. "It helps if this can be spread over a larger fleet."

 Operating benefits, Larger fleets can offer a more comprehensive range of sailings to customers and the fleet can be deployed more effectively. These advantages mean the ship-owner has more negotiating power with charterers and with custom-

However some industry observers warn that the power of the newly merged shipping groups should not be overstated. "You don't get much pricing power in a commodity market like tankers," says Mr Slorer. "It is too fragmented."

And mergers will have little impact if new ships, built in low-cost yards des perate for orders, continue to flood into the market.

thing to improve earnings may result in consolidation. but I don't see any revolution," says Finn Engelsen Jr. head of research at Norwegian ship broking consultants Lorentzen & Stemoco. Investor profile. Apart from a handful of very large players such as P&O of the UK, Carnival, the US cruise operator, and Neptune Orient Lines of Singapore, many medium-sized shipowners are too small to make much impact on stock markets and the analysts who follow them.

"The pressure on some of

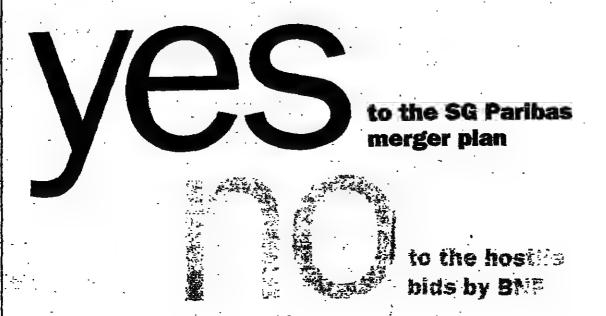
these owners to do some-

"Larger companies enjoy : higher market rating because their shares are more liquid," says Mr Slorer. Companies with a more widely dispersed pattern of ownership are also more

AT THEIR MEETINGS

VOTED:

ON APRIL 6, THE BOARD OF DIRECTORS OF SOCIÉTÉ GÉNÉRALE AND THE SUPERVISORY BOARD OF PARIBAS



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MEDIA TV COMPANY SIGNS UP 110,000 CUSTOMERS IN FIRST FOUR MONTHS

On Digital growth beats market forecasts

By John Gapper Media Editor

On Digital, the digital pay television group owned by Carlton Communications and Granada Group, yesterday exceeded analysts' forecasts with the announcement that it had gained 110,000 customers in its first

four months of operation. The disclosure, following the announcement that British Sky Broadcasting gained 120,000 new subscribers to

tal television has got off to a strong start in the UK.

On Digital also announced plans to boost subscriber growth both by showing oneoff exclusive programmes based on popular ITV shows such as Coronation Street and Emmerdale, and with a "pre-paid" subscriber offer similar to those for mobile

were surprised the figures sistently understated its

its Sky Digital service over a were well above industry actual sales. similar period, indicates digiconsultancy from tills at electronics stores, indicating that by mid-March On Digital had sold only 63,000 of the set-top boxes that are

needed to receive its signal. On Digital said its figures included only 5,000 discounted or free offers, and 5,000 bulk deals with hotels and property developers. It said GFK data reflected However, some analysts broad sales trends but con-

Investors had expected about 85,000 subscriptions to have been sold after On Digital was constrained by settop box shortages.

Stephen Grabiner. On Digital's chief executive, said the figures showed that the venture had achieved a "very good start" and he expected its rate of sales to accelerate during the autumn and Christmas sell-

market among the 18m people who have not so far consumers

It said it would break even if it had 2m subscribers, at multi-channel television. We which point it would spend have started to find those £270m a year on programmes, and a further people, and we are going to find a lot more of them." Mr £100m on marketing and subscriber management. At On Digital said it had 3m subscribers, annual operspent about £57m (\$92m) in ating profits would be

the run up to its launch last £106m. November, against estimates The announcement lifted of £80m. and had fixed the share price of both comannual costs of £40m. About panies, with Carlton closing 90 per cent of costs were up 20p at 634 p and Gran variable with its number of

COMMENT

Corporate Services

The mulishness of some Corporate Services Group direc- Corporate Services Group tors is breathtaking. Share share pict relative in the holders holding more than 50 per cent of CSG have called 110 for the heads of five directors. They got just one yes-terday: Jeffrey Fowler, chairman. The other four should now resign. By clinging on they will put the company through the disruption of an extraordinary general meeting, requisitioned to remove them. Quite why they seem to be inviting such a damaging game of brinkmanship

with a majority of CSG inves-

tors is baffling. A labyrinthine offer from Michael Ashcroft for CSG last week included, as one of its conditions, that no further board changes were made, but the priority for shareholders has to be the appointment of directors in whom they have confidence. Only then can meaningful takeover negotiations take place.

On Digital

At last, On Digital, the terrestrial rival to British Sky Broadcasting's satellite pay-television service, has popped its head above the parapet. Superficially, this long-awaited first set of subscriber numbers might suggest Carlton and Granada's start-up is off to a flying start. After all, with 110,000 subscribers in its first four months, On Digital has beaten expectations and is keeping pace with BSkyB, which managed to garner just 10,000 more new customers. So does that mean BSkyB's brand, greater coverage and market position counts for little in the new digital world?

No, it does not. First, it is not clear how many of On Digital's subscribers are hard sales: about 5,000 were subsidised ones to staff. Are there many more? True, BSkyB probably has such soft sales too, but the discrepancy between On Digital's reported sales and figures from a reputable industry sales survey is curiously wide.

Second, the fact that On Digital is providing Sky channels gives it an automatic, virtually guaranteed market of some 3m homes that cannot receive either cable or satellite tv. If there is pent-up demand for premium sports programmes in just 20 per cent of these homes, On Digital should reach 600,000 subscribers in short order. On Digital has already proved it has a viable niche, but to move beyond that it needs better programming and sharper prices. Depending on dish-phobia is not enough.

NEWS DIGEST

MEDIA

Tempus considers demerging internet side

Tempus, the international media sales and communications group which includes Nike and Nintendo among its clients, is considering proposals to demerge Outrider, its internet marketing division. The business specialises in promoting the internet sites of its clients across all forms of media.

1998. Tempus believes that floating off the internet operation could add significant shareholder value, but it has yet to decide on the best way forward.

Tempus, which has 43 offices across 24 countries, yesterday ennounced 1998 pre-tax profits 40 per cent ahead at £13.2m (\$21.3m) Sales rose 27 per cent to £1.23bn. The improvement was driven by its core business, CIA Medianetwork, which focuses on western Europe, North America and the Asia-Pacific market. Growth also came from MQI Mediahaus, which focuses on central and eastem Europe, and in which Tempus holds a 45 per cent

Chris Ingram, chairman, believes much of 1999's growth is likely to come from the US. Richard Rivilin

BREWERIES

Swallow puts pubs up for sale

Swallow Group, formerly known as Vaux, yesterday put its entire estate of 864 tenanted pubs up for sale following the collapse of a management buy-out plan to save its two

Among potential buyers are Mansfield, which confirmed last week that it was interested in buying the Sheffield brewery and 150 or more tenanted pubs. But Paul Handley, finance director of Mansfield, said: "The whole ball game has changed - we have got to decide if we are still going to be interested." Analysts suggested other interested purchasers could include Pubmaster, Punch Taverna

and Enterprise Inns. Swallow is expecting a premium over the book value of £108m (\$174m) because the estate will be unencumbered by any beer supply agreement. David Blackwell

The three founders of Bell Group are likely to see their combined stakes valued at about £40m (\$64m) when the supplier of electronic security systems joins the London

chief executive, is selling a third of his 40 per cent stake, a move likely to realise more than 26m cash, and leave him

which will be new money. In the past year, Bell has acquired companies in Sweden and Australia. It has also established offices in Switzerland and Hong Kong.

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SG chairman's resignation puts bid in doubt

Jeffrey Fowler resigned yesterday as executive chairman of Corporate Services Group, the recruitment business which has received a bid approach from Michael

Ashcroft. The move will be interpreted as a victory for a group of shareholders who called for an extraordinary meeting to remove Mr

tors following two profit warnings in March.

Mr Ashcroft, who is Conservative Party treasurer, appeared unlikely to pursue his bid if faced with a hostile board put in place by the shareholder group which consists of Schroders. Mercury Asset Management and M&G Investment Manage-

The proposed offer, 87.7p-120m a share in cash and

board staving. The shareholders are understood to believe the offer undervalues CSG. Last July, CSG raised £130m in a share placing at

227p a share. The shares rose 3p to 91p yesterday, valuing CSG at £213.7m (\$344m).

The shareholder group, which holds 31.59 per cent of CSG, yesterday said it had the support of other investors who owned more

An adviser to the group said: "What is important is that every single sharebolder we spoke to lent their support in the full knowledge of Mr Ashcroft's bid.

They too have no confidence in this team and want a sam in place in whom they bave confidence." The shareholders said they had lost confidence in the manage-ment and wanted to bring "this period of uncertainty

Game of two halves

It is understood that Mr Fowler considered resigning as chairman last month, after the company issued its first profit warning.

However. CSG's board was uncertain whether to accept his resignation following the intervention of Michael Ashcroft late last week, who unveiled plans to merge his two main businesses. RHI and Carlisle Holdings, and

before issuing its statement yesterday. The company said Mr Ralph Hulbert, an existing

not comment on whether be

would withdraw his offer fol-

lowing Mr Fowler's resigna-

tion. CSG consulted him

director, would become nonexecutive chairman. Mr Rob ert McNabb and Mr Jean-Pierre Mace will continue to lead the group's operations

Shell stresses capital discipline

By Robert Corzine

Royal Dutch/Shell, the Anglo-Dutch energy group. yesterday sought to add fresh momentum to its wide spread corporate restructuring by cutting costs and capital spending in the upstream exploration and production division.

Phil Watts, chief executive officer and group managing director of Shell's global exploration and production executive committee, said he expected to be able to make further cuts in capital spending this year.

He said the expected cut was evidence of increased capital discipline. Significant improvements in capital management is one of the principles overall restructuring.

Although capital spending continues to be reined in. analysts noted that Shell also announced the go-shead of a big field development project in the deepwater Gulf of Mexico. It will spend about \$900m developing the Brutus field, with first production expected in late

Mr Watts said recoverable reserves at Brutus were likely to exceed 200m barrels of oil equivalent, which included natural gas. Production is expected to peak at 100,000 barrels of oil and 160m cu ft of gas a day.

Some analysts had questioned whether Shell could implement its worldwide shake-out of assets while ensuring that investment decisions were made that would underpin growth.

Shell's upstream division is aiming to realise cost improvements of \$1.1 bn in 2001. About \$300m should emerge this year. Oil producis flat, compared with the fourth quarter of 1998.

Walk on, walk on . . . with a media sugar daddy

Patrick Harverson looks at the implications for football if BSkyB's bid for Manchester United is rejected by the DTI

never been investments for the faint-hearted, but over the next few days shareholders in the 20 quoted clubs will need to steel themselves for a shock if the government blocks British Sky Broadcasting's £623m takeover Manchester United.

The Department of Trade and industry is due to announce its decision on the bid within the next week. Recent reports have suggested the Monopolies and Mergers Commission's inquiry into the deal recommended blocking it. If this is the outcome, stock market analysts have warned the fragile football sector could take a big

analyst at Greig Middleton, the stockbroker, says the severity of the market's reaction will depend on whether the government rules that all media takeovers are against the public's interest, or just BSkyB's, given its dominant position in the sports TV market and United's status as the country's biggest

Even if it were the latter. "there'd still be a knee-jerk reaction that would knock Mr Batram.

Vinay Bedi of Wise Speake, agrees that a rejection of the deal would be bad news for the sector: "My feeling is you would see shares come off purely on sentiment by 20 to 25 per

cent." Such a move would comfortably wipe out the bid premium in the sector generated in the wake of last September's bid for United. The week before BSkyB's interest in the club became known, the FT's Football Index stood at an all-time

ootball shares have low of 748.71. Two weeks later, after a big jump in the shares of United and other clubs thought likely to face takeover offers from media groups, the index was at an all-time high of 1055.49.

Although it has retreated since then, at the end of last week the index was still well above its low at 922.34, and is up 11 per cent since the start of the football season last August. Over the same period, the FTSE All-Share has risen only 7 per cent. Admittedly, a large part of

this season's gains are down to the strong performance of United, which looms over the sector like a colossus club's capitalisation of about £575m is more than four times that of Newcastle United, its

Yet, other clubs have benefited from bid speculation, including Tottenham Hotspur, Leeds United, Celtic, Newcastle United - which has bid from NTL, the cable TV group - and Aston Villa. However, Villa's shares have failen recently following a slump in the team's results

in the Premier League. A veto of the United deal would probably knock some for investors to buy the prices lower", says of the stuffing out of this shares. Sentiment has been group, although the decision would not necessarily preclude some form of tie-up between clubs and media groups. Purchasing minority stakes in clubs and agreeing exclusive broadcasting deals with them could be the way forward for media companies eager to become more closely involved in football.

If the government approves the BSkyB takeover, analysts consider a surge in football stocks butter industries, why unlikely, if only because the benefits of takeovers in the sector are already factored can be extremely volatile.

media groups.

When the dust from the BSkyB-United affair finally settles, the football sector will still face the problem that predates the bid - the lack of a fundamental reason profoundly hostile to football stocks for the past two years, primarily because of the failure of most clubs to generate sustainable profits.

Better returns, at much lower risk, are available elsewhere in the market, and to some extent football clubs have been caught up in the general malaise among small-cap stocks.

"When fund management groups shun bread and should they even entertain buying football stocks which

conditionally agreed to into the prices of clubs which no one feels accept a £150m-plus takeover considered likely targets of comfortable valuing, and which can be so illiquid?" asks Mr Batram.

Another factor working against the sector is the worrying rise in player wage inflation. Revenues may be growing at Premier League clubs thanks to rising television income, but all of that extra cash, and more, is going straight into the hands of the players as wages rise annually by 25-35 per cent. in such an environment,

and with pay-per-view TV rights - once regarded as the best source of future revenues for the top clubs still years away from full

attract few buyers. This explains why the City exercise." has reacted sceptically to flotation. The Merseyside

to advise on its financial future, prompted immediate talk of a public share issue. Analysts, however, believe

conditions in the sector are not conducive to a football flotation, even one of a club with Liverpool's impressive sporting pedigree. Schroders has been asked to look at all possible fundraising options. including a deal with a media group and a debt

Mr Bedi thinks Liverpool are unlikely candidates to join the stock market. He says: "My understanding of Liverpool's position is they are not certainties to float. exploitation, football shares and this is just a dip-your-toe-in-the-water

At present, the water is reports that Liverpool is cold and uninviting. If the considering a stock market government blocked the Manchester United takeover club's decision to hire an it would quickly turn to ice.

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Laird dented by **US** start-up losses

By Thorold Barker

Start-up losses at its US automotive sealings plant and restructuring charges in Germany were behind a 75 per cent fall in 1998 pre-tax (£67.1m), including an excepprofits at Laird. the engi-

neering group. Ian Arpott, chief executive, said the \$55m plant £16m. As expected, start-up savings of about £5m. losses were exacerbated by Turnove high levels of scrap and to £1.13bn.

problems in sourcing raw materials. "We were expecting to lose money [this year] but not that much," he said.

Pre-tax profits were £23.7m tional charge of £14.3m for restructuring the German sealing operations. This resulted in the loss of 350 made an operating deficit of jobs and should yield annual Turnover rose 7 per cent

ELECTRONICS

Bell may be valued at up to £75m

stock market later this month. Bell is likely to be valued at £55m-£75m. Patrick Curran,

holding shares worth about £16m. The other two founders, Ken Howard, a non-executive director and Kevin Cormack, development director, will share about £18m. Both men are also selling a third of their holdings.

The company intends to raise £25m-£30m, £8m of

RESULTS

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	BINF 6 miles to Jan 31	71.5	(41.4)	231	(200 E)	3.1	(4.6)	2	June 8	24		5#
	Cradity 6 miles to Dec 31	14.3	(136)	0.828	#1.784]	1.7	(1.61)	-	-		_	5大 1.35
	Dolphin Packaging Yr to Dec 31	48.5	(44,7)	8.02	(7.03)	24.24	(21.31)	5.7	May 19	5.2	9	8.2
- 1	Laird Yr to Dec 31	1,135	(1.058.)	23.74	(87.14)	93	(36.2)	98		8.9		
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NOTICE TO SHAREHOLDERS Shareholders are hereby informed that Svenska Selection Fund is changing the currency denomination of the

Svenska Selection Fund - International Bonds Shares from United States Dollars to Euro Svenska Selection Fund - Multi Market Shares from Swedish Kronor to Euro

Shareholders not wishing to have their shares re-denominated in

Euro may convert their shares into another class of shares within the

Svenska Selection Fund by sending a conversion request to the Fund by or before May, 10th, 1999 at 12:00 noon, Luxembourg time. No conversion fee shall be charged on such conversions. cholders may also elect to apply for redemption of their shares in the Svenska Selection Fund - International Bonds Shares and Svenska Selection Fund - Multi Market Shares, by sending a redemption request to the Fund by or before May 10th, 1999 at

12:00 noon, Luxembourg time. Redemption shall be effected

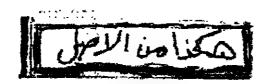
The rights attached to shares in the Svenska Selection Fund -International Bonds Shares class and Svenska Selection Fund - Multi Market Shares class that are represented by bearer share certificates. shall remain unchanged further to the change of currency denomination of the Svenska Selection Fund - International Bonds

Shares and Svenska Selection Fund - Multi Market Shares except

that from May 10th, 1999 such share certificates shall be entitled to a

edemotion amount expressed in Euro Lixembourg, April 6, 1999

The Board of Directors



TELECOM ITALIA'S SHAREHOLDER MEETING

Three good feasons to uote No.

TO THE SHAREHOLDERS OF TELECOM ITALIA: THIS WEEKEND A SERIES OF ACTIONS WILL BE PROPOSED AT TELECOM ITALIA'S SHAREHOLDER MEETING WHICH ARE DESIGNED SOLELY TO OBSTRUCT OLIVETTI'S TENDER OFFER FOR YOUR COMPANY.

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ng internet sid:

WE ENCOURAGE YOU TO VOTE AGAINST THESE PROPOSALS AND TO SUPPORT OLIVETTI'S OFFER WHICH WILL ALLOW YOUR COMPANY TO BENEFIT FROM OUR STRATEGY TO ENSURE ITS FUTURE DEVELOPMENT AND PROSPERITY.

OLIVETTI'S OFFER

Oliverri has announced its intention to increase its offer to Euro 11.50 (Lire 22,267) per Telecom Italia ordinary share. This represents a 58% premium to the Telecom Italia ordinary share price at the beginning of January 1999 (Euro 7.28).

Olivetti's offer is structured as follows:
• Euro 6.92 (Lire 13,399) equal to 60.2% in cash;

• Euro 2.90 (Lire 5,615) equal to 25.2% in five-year Tecnost bonds which will be listed and will pay an annual coupon of 1.5-2.0% over the 3-month Euribor rate; and

• Euro 1.68 (Lire 3,253) equal to 14.6% in shares of Tecnost, the company which would become the majority shareholder in Telecom Italia.

With regard to Telecom Italia's savings shares, Olivetti intends to propose and vote in favour of the following actions:

• the approval of a buy back programme for a number of savings shares equal to the maximum allowed by law, a commitment worth up to Euro 7.4 billion at a maximum buy back price per savings share of Euro 10.0

• the priority treatment of savings shareholders with the aim of distributing a total dividend of not less than the payment made in June 1998

By accepting the Olivetti offer, in addition to being guaranteed a significant premium over the market price, you will also be able to share, together with Olivetti, in the future success of Telecom Italia.

OLIVETTI'S TRACK RECORD

Olivetti has been widely ac knowledged for its achievements since the end of 1996. The Olivetti management team has applied capital, energy and expertise in implementing a strategy that has delivered outstanding returns for its shareholders.

Olivetti is convinced that with your support it can repeat this success with Telecom Italia.

OLIVETTI'S STRATEGY

Telecom Italia must change to compete in the fast growing and rapidly evolving relecommunications market place. To succeed it needs a clear vision, a decisive action plan and a more entrepreneurial approach to the development of its business.

Olivetti's strategy for Telecom Italia has been presented to major Italian and International financial institutions. Twenty-five of the world's leading banks share the Olivetti vision for Telecom Italia and have backed our offer through a loan amounting to Euro 22.50 billion (Lire 43 trillion), the largest ever extended to a European company.

Olivetti's strategy is to enhance the competitiveness of Telecom Italia's fixed-line business. As part of this strategy, we will invest significant resources in new product and service developments in areas such as data transmission, the internet and e-commerce.

In addition, Olivetti's strategy is designed to maximise the potential of TIM, Telecom Italia's cellular subsidiary. TIM will be re-positioned as a major European player operating alongside Telecom Italia. Olivetti's industrial plan provides for significant investment in the latest cellular technologies and an accelerated integration of fixed-line and mobile service offerings, including the introduction of more competitive tariff structures. In contrast to Telecom Italia's stated plans, we propose to achieve our strategy without wasting precious financial resources on a restructuring of the company's capital structure which generates no business or strategic benefits. Instead, Olivetti proposes to maintain TIM as a strongly capitalised, majority controlled subsidiary and has committed to increasing the dividend pay-out ratio on TIM shares to 90% of net income.

For these reasons, Olivetti urges you to vote against the proposals submitted by the Telecom Italia Board to this weekend's shareholder meeting.

By voting "No", You will retain your right to choose.

olivetti

This Offer applies to all ordinary shareholders of Telecom Italia on equal terms. However, the offer cannot be extended to the United States nor to other countries where authorisations from competent bodies have not been obtained (see para. 1.6 of the Olivetti and Tecnost communique to Consob[the Italian Stock Exchange Commission], Borsa Italiana [the Milan Stock Exchange] and Telecom Italia dated 24 February 1999).

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INTERVIEW MICHEL BON, FRANCE TELECOM

Quiet man on the end of the line

Lucy Kellaway meets the self-deprecating figure at the helm of France's largest

company Michel Bon, chairman of France Telecom, likes to think of himself as a kid-

This has nothing to do with the 55-year-old executive's physical upright. The point of the metaphor is to demonstrate that he is not the most important person in

his company. "If you compare France Telecom to the human body." he says, his English fluent but his accent heavy, "let's say I am the kidney. You need a kidney, but vou also need a liver, a stomach and so on. I do not go around saying that the kidney is more important than the liver. The customer is the head of the company. And the blood is the

Kidneys seldom give personal ness between Michel Bon and the vital organ. Although he has been running France's largest company for more than three

years, he likes to keep himself in the background. So why has he decided to break

this habit now?

"Unfortunately, we are living in a time when you have to do some of that," he says, giving a broad smile that does not alter the impression that he is private and slightly aloof.

When Jacques Chirac, the And listening. French president, asked Mr Bon to take charge at France Telecom Always listening in 1995, the job did not look very attractive. He was the third chairman in three months, the utility was about to lose its monopoly and the workforce was scared and mutinous.

Since then, the company has fled. The share price is twice

Before meeting Mr Bon, I had gone to some lengths to find out about him. There is plenty about his CV, which is outlandish by French standards. He has hopped between the private and public sectors, doing some remarkably unglamorous jobs for someone of his elite education. But about the man himself I discovered little, He likes skiing. He never drinks. not even on his wedding day. He has four children - but his press office warned me that he does

not like talking about his family. The room where the interview takes place is five flights up and there is no lift. Mr Bon takes the stairs at speed and arrives not remotely out of breath, each of his grey hairs perfectly in place.

"When I see an opportunity for sport, I always take it. Climbing the stairs may be my only exercise of the day," he says cheerfully. He ignores the bottle of wine between us on the table and

pours himself some water. I start by saying something about his education (he is a grad uate of the Ecole Nationale des interviews. This is another like- Sciences Economiques et Commerciales and of Ecole Nationale de l'Administration) but he politely waves it aside. "It is a bad French habit to look only at the studies you did, and to count all that you have done afterwards

So I ask about the wide range

'What I like most is meeting people.

as nothing."

of things he has done since. He shrugs. "It shows how old I am." One of his oddest moves was quitting a blue-chip bank to join Carrefour, a supermarket group. opened and the workforce molli- me. It was full of self-made men - which I was not.



Changing corporate outture: 'The customer is the head of the company', says Michel Bon.

Did they think their new elite boss was weird?

"No, because they did not even know there was an elite. In retail you have no relationship with government. You have a relationship with customers. And that's

By contrast, his establishment friends thought he had taken leave of his senses, "In France there was no prestige in retail." After seven years he took the even more bizarre move of going into a backwater of the public sector to run the unemployment benefits office.

"I was well paid at Carrefour, I had stock options. I thought it was time to give something back. I had two ideas. One was to become a European Commissioner. I am deeply European." A narrow escape, I suggest. Re could have become Edith Cres-

He laughs, and claims (like her) to have no regrets.

"I am always glad of my choices." This might bave sounded smug but the way he said it, it sounded more like a philosophical position. I ask what he makes of Mms

Cresson's disgrace. "What Cresson is reproached for is not serious. Politicians in France have 100 letters every day

from electors asking for jobs or favours. You have to deal with that. And that is exactly what Cresson did." This forgiving attitude sounds odd. Particularly so since Mr Bon

was the founder of a body in France designed to stamp out corruption in business. "Maybe she did not do it in a very skilled way," he adds lightly.

Of all his jobs, he says the most difficult and time-consuming is his present one.

ager can do," he says. "About 90 per cent of France Telecom workers are civil servants. The French image of civil servants is poor. Overpaid, lazy, unable to face the challenges of the 21st century. The transformation has been amazing. When I came in, we were closed on Saturday, closed at 5 o'clock at night. We organised an agreement with unions. #17

In six months it was open everywhere. What exactly did he do to persuade them?

"As for my skills," he says. spreading his hands. "They are not very important on this topic. His PR man looks restless. The difference with you is that you explain the strategy very simply to everyone," he volun-

Mr Bon shrugs. "Boufl The

petition is coming, so we are losstable, we are not very happy. But if the market is growing, then we have enough to sat. So we must take advantage of competition to push the market up as quickly as possible." I persist: but what does he like

about the job? What is he good "What I like most is meeting

people. And listening. Always listening." At times Mr Bon sounds so per

fect as to be almost priggish. I wonder if he is religious, or driven by what is morally right. "I am a Catholic," he says. "but

not really religious. I wouldn't put this in a moral way. It is about efficiency: people spend so much of their lives at work, so if they can achieve something there

"Changing corporate culture is strategy is very simple. We had it is better for them. Every the most important thing a man- 100 per cent of the market. Com- human being is looking for a kind of achievement." He stops, ing market share. If the market is and gives a self-deprecating laugh. "This is all obvious. It is not very original," he says.

Our brief meeting is coming to an and. An eager bunch of anslysts is waiting for him downstairs. Does he regard these sessions as a chore? "The analysts are all different.

There is always one with a specific approach that makes you understand that you are not focusing enough on this point. I live with the idea: that I can always learn something."

He stands up to leave, says goodbye and claims to be looking forward to reading the article. "One thing is for sure: I will learn something from it."

I laugh: he gives a courteous smile and descends the stairs at a

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VICTOR MALLET FILE FROM JOHANNESBURG

The routes of memory

Plans to change street names reflect the strains within society

Tzu-lu said: "If the Lord of Wei left the administration of his state to you, what would you put first?" The Master said: "If something has to be put first, it is, perhaps, the rectification of names." - The Analects of Confucius XIII.3

African rulers have always been eager rectifiers of names. After winning independence from the European powers in the 1960s and 1970s, new governments hastily renamed city streets, airports and even capital cities in an effort to erase

the memory of colonialism. Lourenço Marques, capital of Portuguese Mozambique, became Maputo, and the streets took on the such unfamiliar names of Mao Tse Tung and Karl Marx.

Rhodesia became Zimbabwe and its capital Salisbury metamorphosed into Harare: the city's wide avenues were renamed after African leaders - including Zimbabwe's own Robert Mugabe, Nelson Mandela, once prisoner and now president of South Africa, Is remembered as an African hero on street signs across

the continent. South Africa presents a startling contrast to this post-liberation political correctness. It is five years since white minority rule ended and Mr Mandela came to power, but the drivers on he motorway from Johannesburg to Pretoria pass under a bridge marked s Hendrik Verwoerd Drive. Verwoerd was the founder of apartheid.

The name of the capital Pretoria (after voortrekker Andries Pretorius) is unchanged, and the city still has its Rhodes, Paul Kruger and Poteleter streets. Johannesburg keeps its Queen Elizabeth Bridge and King George and Harrison streets; and Cape Town has its Riebeek street - after Jan van Riebeeck, who founded the first European settlement for the Dutch East India Company in 1652.

There have been a few changes since South Africa's first non-racial election in

1994. Verwoerdburg, a suburb of Pretoria, now goes by the less controversial name of Centurion. The country's airports no longer honour white prime ministers: Jan Smuts is Johannesburg International and Cape Town has dropped D.F. Malan.

Place names containing 'kaffir" - such as Pretoria's Kaffirboom St (Afrikaans for a type of tree! - have been changed because this Arabic-derived word for "non-believer" has been used as a racial insult against blacks, Sophiatown, the Johannesburg district renamed Triomf (Afrikaans for "triumph") after blacks

were forcibly removed in the 1950s, is Sophiatown again, A few heroes of the anti-apartheid struggie have been remembered in hospitals and schools. With provinces reorganised, the Transvaal has disappeared, the Free State has lost its 'Orange" prefix, and two new names have appeared: Gauteng ("place of gold", the area around Johannesburg) and Mpumalanga ("land of the rising sun", in the east).

Mandela Drive, And AngloGold, the world's biggest gold mining company, has pleased many of its black workers and annoyed some of its white employees by africanising the names of its mine shafts. Freegold No 1. for example, has switched to Bambanani ("together we direct our future").

Even so, the changes to

the country's maps in the

five years since the white

minority reluctantly agreed to democracy have been remarkably few. Most place names are still in Afrikaans or English, instead of Zulu. Xhosa, Tswana or Sotho. That may be about to change. A dispute bas been brewing in the port of Durban over proposals by the African National Congress, the country's ruling party, to replace portraits of "white fascists" in the city hall with those of anti-apartheid activists. Just two months before

the next general election on June 2, the ANC has suggested changing the names of Gardiner, Smith and West streets in the city centre to Chris Hani, Oliver Tambo and Nelson Mandela streets, after some of the ANC's best-known leaders.



politicians were outraged, arguing that the ANC's local officials were violating the policy of racial

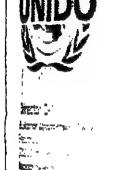
reconciliation adopted by President Mandela and his cabinet. "It is simplistic and irresponsible to brand everything connected with the past as racist," said Renier Schoeman, a member of parliament for the New National Party.

Tony Leon, of the liberal Democratic Party's who grew up in Durban, admits that no one would be upset by the loss of the old names they belong to 19th century British settlers and administrators. But it was insensitive, he said, to select names from the "ANC pantheon of heroes" without

consultation. For it is not only white South Africans like Mr Schoeman who are angry. KwaZulu-Natal province, of which Durban is the capital. is not an ANC stronghold. Its inhabitants include Indians and Zulus who want their own chiefs, kings and remembered if street names

mayor and member of the mainly Zulu Inkatha Freedom Party, bitterly condemned the mayor for proposing the changes. "Mr Obed Mlaba's actions are mean-spirited and will give offence to large numbers of Durban citizens," he said. In addition, under a new law due to come into force after the election, a South African Geographical Names Council will have new powers to change place

The council, says the government, "will have a tremendous responsibility to transform and rectify names" because "the total history of the country will have to be kept intact". South Africans, however, are far from agreeing on the present, let alone the historical record. As Mr Leon said: "We have a disputed past in this



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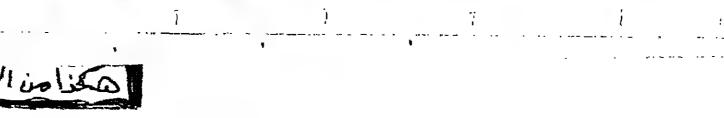
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political champions are to be changed. Sipho Ngwenya, deputy

names across the country.



RECRUITMENT



ROBERT TAYLOR

Work as a blessing

New Labour's confept of work as personal salvation marks a leturn to an old tradition

Why do we work or wan to work? It is not a questop hat most people spend nuch or any of their tme hinking about. But eer since Adam and Eve i the Garden of Eden, workhas xen regarded as "a scred buty and the source call ruman comforts, creting wealth and making rivilisation possible or so ays Professor KeithThomas n his perceptive ntroduction to an arthology

of literature on wor which 228 just been publised.* Work is certainlyseen in coday's New Labou Britain is personal salvatio, the way out of poverty and welfare dependenc. In the US under Presiden Clinton, work is also encocaged as a necessary cure foridleness among the undercass. In both cases this refresents a return to an old tadition.

Neither John Civin nor Martin Luther az quoted in Prof Thomas's wie-ranging book, but the wok ethic surely lies at theneart of western civilisaton, not just capitalism. In th words of St Paul: "Those the do not work shall not st." For

Christians of all denominations work was perceived as a divine command, keeping people out of mischief. Of course, for most of the human race

work has always meant hard toil for small reward". It has certainly involved degradation, exploitation and drudgery. Many Utopias - though not Sir Thomas More's - and Arcadias

and a remedy for vice. "It was the only sure route to human happiness, bringing health. contentment and personal fulfilment. It structured the day, gave opportunities for sociability and companionship, fostered pride in individual creativity

personal identity. As Irina explains in Chekhov's Three Sisters: "A man must work, toil in the aweat of his brow, whoever

and created a sense of

'Work was a cure for boredom and melancholy and a remedy for vice. It was considered the only sure route to human happiness'

portrayed in literature have evoked a dream world of pleasure through idleness ecause work was seen as a tedious necessity".

But as Prof Thomas's diverse and rich anthology makes clear, work has always had an important benevolent face as well. As he explains: in the past "Work was a cure for boredom and melancholy

he may be for that is the meaning and object of his life, his happiness, his enthusiasm.

And this goes for domestic work carried out by women: "Eating, sleeping, cleaning the years no longer rise up towards heaven, they lie spread out ahead, grey and identical. The battle against dust and dirt is never won,"

The Second Sex half a century ago. On the other hand, for most people the workplace is: a constant source of

companionship. Nor is this confined to the rural ribaldry in Thomas Hardy's Wessex novels. "What is modern office life if not a matter of birthday cards, anniversaries and retirement parties, overheard telephone conversations and encounters at the photocopier?" asks Prof

But of course there is necessary work for the many, but interesting work for only the few. D.H. Lawrence wrote a poem entitled Work in 1929. "There is no point in work unless it absorbs you like an absorbing game. If it doesn't absorb you, if it's never any fun, don't do it." This has hardly been an option for most workers. Nor is it the kind of hedonism that would find favour with workfare chancellor Gordon Brown. He would share the view of

president of the board of trade in 1909, who argued: "There is no reason why people should wander about in a loafing and idle manner; if they are not earning their living they ought to be put under some control.' Emile Zola wrote more

Winston Churchill, leftwing

sensitively than most novelists about manual work but his address to the Paris. Students' Association in 1883 suggests that he, like other intellectuals, benefited from the stimulus of stress from work. Throughout his life,



which he said was often desperate and miserable, work was the "one fortifier" "steady, settled work, the daily task, the self-imposed duty of making a forward step every day towards the allotted toil".

As Prof Thomas accepts few who have written about manual work experienced much of it in their own lives. But then no coalminer has ever written as evocatively about working down a pit as George Orwell. It was Upton Sinclair who left us an abiding portrait of the horrors of the meat-packing yards of pre-Great War Chicago in The Jungle and John Steinbeck who immortalised the canning factories of Monterey in the 1940s. But it is Charles Dickens who wrote most perceptively about the world of work. It is no surprise to

any other writer. The anthology does not encourage smugness about the inner virtues of work. As Prof Thomas argues: "Work has afforded mankind many satisfactions but it has also caused an incalculable quantity of unhappiness. Throughout human history

most work has been too

exhausting, too unhealthy and too poorly rewarded. This anthology does not consist solely of novelists, poets and socialists. The great Henry Ford is quoted and he deserves his place there. As he said in his autobiography: "There will never be a system invented which will do away with the necessity of work... Work is our sanity, our self-respect, our salvation. So far from being a curse, work is the greatest blessing. Exact social justice flows only out of honest work." Amen.

*The Oxford Book of Work,

edited by Keith Thomas,



Bonuses gain importance in rewards for NHS trust executives

The basic pay of chief executives of National Health Service trusts rose by an average 5.2 per cent in the 12 months to March 1998 to a median annual salary of £69,000. The rise in their total remuneration package of benefits and incentives was lower at 4 per cent and 4.6 per cent respectively, taking their median remuneration to £74,000 a year. Bonuses are becoming an increasingly important

ingredient in NHS trust executive pay. Two-fifths of executives are awarded one, with their value ranging between £1,000 and £16,000 a year. IDS, 77 Bastwick Street,

London EC1V 3TT.

Flexible pair Laws to encourage greater use of part-time and temporary employment have been passed in the Netherlands and Greece as both countries week to create more flexible labour markets to combat unemployment, according to the latest issue of European Industrial Relations Review.

In the Netherlands the new legislation seeks to regulate employment contracts, pay and benefits as well as procedures for dismissal of those defined as atypical workers, who make up 11.5 per cent of the total workforce, in Greece nev flexible labour market regulations aim to stimulate local job pacts in areas of economic decline. European Industrial Relations Review 302, March 1999, from Industrial Relations Services, 18-20 Highbury Place, London N5 1QP.

Agency increase

Growing numbers of UK workers are working for employment agencies on temporary contracts in occupations as varied as nursing, teaching, catering and entertainment. An estimated 16 per cent of all temporary employees are

defined as agency workers This represents a threefold Increase during this decade to between 270.000 faccording to the official abour Force Survey) and 900,000 (the estimate of the Federation of Recruitment and Employment Services). The Trades Union Congress in an analysis of agency workers, says just over half are women, aged under 30, with nearly a quarter in

BANKING FINANCE & GENERAL APPOINTMENTS

find he has more

contributions (12) in Prof

Thomas's anthology than



United Nations Industrial Development Organization

UNIDO is the UN agency providing specialized services for sustainable and environmentally sound industrial development. To deliver these services and to make a definitive contribution to achieving the goals of the newly transformed UNIDO, the Director-General is looking for men and women of the highest level of competency and integrity to join his team at headquarters.

esponsible for directing the operation, maintenance and repair of the Vienna International Centre buildings 202,000 m2), the United Nations headquarters in Austria.

Investment and Technology Promotion Branch

Responsible for defining strategies and directing UNIDO's programme to assist developing countries and mansition economies in building up their institutional capacities and professional skills to attract investment and technology for industrial projects, establish international industrial perhandings and implement the full cycle of innovation, investment and technology transfer. acancy VA-99/003

Associate System Analyst, P-2

Responsible for analyzing axisting financial systems; designing, implementing and testing new systems; suggesting efficiency measures; training staff on systems; ensuring back-ups of critical systems; monitoring systems operations; and resolving and anticipating software problems. Vacancy VA-99/006

Industrial Development Officer, P-3

programmes; and promoting funds mobilization.

Cleaner Production and Environmental Management Branch Responsible for contributing to the identification, formulation and promotion of technical cooperation programmes in cleaner production, pollution control and waste management; analyzing trends and preparing technical papers related to environmentally sound technologies; paracipating in governmental and country level negotiations and organizing international meetings relating to technical cooperation

Vacancy VA-99/007 Senior Industrial Development Officer, P-5

Cleaner Production and Environmental Management Brasch Responsible for designing, managing and implementing the Environmental Policies Framework; advising at policy level on issues related to promotion and development of the spatial able industrial sectors programme; developing concepts and innovating approaches and strategies for the Environmental Policies Framework; and establishing networks and liaising with other organizations/agencies and key environmental institutions. Vacancy VA-99/008

Industrial Development Officer, P-4

Cleaner Production and Environmental Management Branch Responsible for formulating, promoting and implementing technical cooperation programs production specifically in chemical industries; analyzing country reports to identify individual country needs related to environmentally sound technologies; formulating technical papers; leading and/or participating in international missions; participating in cleaner technology meetings; and monitoring project implementation. Vacancy VA-99/009

Director, D-1

Montreal Protocol Branch

Responsible for policy formulation and directing UNIDO's programme to assist developing countries and transition economies to achieve the objectives of the Montreal Protocol by reducing the use of ozone Vacancy VA-99/004

Director, D-1

Staff Development and Management Branch

Responsible for providing leadership in the development and application of modern human resource management practices and the management and coordination processes related to staff planning, recruitment and selection; development of staff; social security; and application of UN-related staff rules and regulations. Vacancy VA-99/005

Senior Industrial Development Officer, P-5

Cleaner Production and Environmental Management Branch

Responsible for advising at policy level on issues related to promotion and development of the cleaner production programme; formulating technical papers; leading technology transfer meetings; establishing networks and liaising with other organizations/agencies and key environmental institutions; and formulating, promoting and implementing technical cooperation programmes in cleaner production, pollution control and waste management. Vacancy VA-99/010

Senior industrial Development Officer, P-5

Responsible for serving as a focal point for methyl bromide conversion issues within UNIDO and coordinating UNIDO's Montreal Protocol projects in the application of fumigation techniques and alternatives to methyl bromide; providing policy advice and consulting services in ozone depleting substances elimination projects involving methyl bromide; formulating, promoting and implementing projects in this sector; and keeping abreast of developments related to alternative technologies. Vacancy VA-99/011

Associate Industrial Development Officer, P-2

Quality, Standardization and Metrology Branch

Responsible for assisting in identifying, formulating, promoting and implementing technical cooperation programmes and projects related to quality management, continuous improvement and management system standards; and participating in preparatory assistance and programming missions including applications of ISO 9000 and 14000. · Vacancy VA-99/012

Industrial Development Officer, P-4

Private Sector Development Branch

Responsible for designing and implementing partnership programmes between UNIDO and private sector institutions and enterprises; providing direct advisory functions to governments and institutions concerned with small- and medium-scale enterprises; reviewing regional and country level trends related to the developmental role and impact of private sector entities; and liaising with other UN organizations and developmental assistance agencies. Vacancy VA-99/013

Detailed information on the positions is available through the Internet at the UNIDO home page address: http://www.unido.org (Who We Are/Career Opportunities). UNIDO offers attractive remuneration packages and benefits Detailed intermediates from all UNIDO Member States are particularly encouraged to apply. Interested candidates should complete a UNIDO personal history form and submit it to: in line with the United realistics continued complete a UNIDO personal history for Chief, Staff Planning and Development Section, P.O. Box 300, A-1400 Vienna, Austria (Fac. 00431 2692669 or 26026 5834; E-mail: psd@unido.org). Deadline for receipt of applications: 30 April 1999.

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to addition, a good knowledge of product development and business planning processes would be useful.

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le are acting for the Corporate Advisory Division of an influential and prestigious international investment bank, which has an outstanding multi-national client list. Its name is synonymous with expertise, discretion and achievement and it holds a commanding position in both domestic and cross-border mergers and acquisitions.

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These positions are highly sought after and selection criteria will be demanding. Candidates must demonstrate impeccable academic credentials, a high level of numeracy, excellent interpersonal skills, and an international outlook. European language skills will also be advantageous.

Those interested are asked to send their curriculum vitae and covering letter to Philip Darling or Rachel Holland at Halsey Consulting, Prince Rupert House, 64 Queen Street, London EC4R 1AD. E-mail: Halsey.Consulting@btinternet.com



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Requirements include a minimum of 2-3 years o on point Structured Finance or related credit experience. A four year college degree is required, graduate degree is preferred. Strong analytical skills are essential. Must possess excellent interpersonal and communication skills with an understanding of deal structure and legal documentation in order to respond to chent proposals. As part of an international team you will have to be fluent in French an English, Italian would be a plus and must be prepared

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Research Analyst - European Equity Strategy - London Car

Lehman Brothers is a global investment bank with leadership positions in comporate finance and advisory service, equity and fixed income sale trading and research Lebonan Brothers serves the financial needs of corporate, governmental, institutional and private clients through 39 offices in all major financial centres weldwide.

Our European Equity Research Department has a vacancy for at individual to work for the European Strategist producing research for the Firm's client. The role involves the enance and development of existing market and sector leve vilnation models, the use of various databases for data collection and analysis, as well as contributions to specific research projects.

Suitable candidates will possess a strong academic background in either Economics or Pinance theory, with well developed quantitative skills, and an exposure to relevant software packages and databases. In addition, relevant experience hist include some exposure to the analysis of equity market trends, either through acaemic research to practical experience in an investment management or banking envir

Interested candidates should write by Friday 16 April enclosing your CV, to Jack Cubitt, Lehman Brothers, One Broadgate, London BC2M 7FIA or emalsouren

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Recognised as a leading financial services agency, this City based busines is actively involved in risk assessment of private funding for public sector project. The role will provide primary input to the analysis of various UK and Europe finance projects seeking long term funding in the bond mark

Working in a small specialist team responsibilities will include assessment governmental support, asset strength, cash flow, construction risk, operating risk, contractor/consortium management, legal structures, rental and teamcy agreements, insurances, facilities management etc.

Candidates will be graduate project finance professionals experienced in fill lending preferably across healthcare, housing or higher education. They will possed 1st class communications and inter-personal skills and a desire to develop their skills in an innovative and intellectually challenging environment.

Interested parties should write enclosing a full C.V. to Alex Steele.

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London

Specific responsibilities:

- Assist on structuring acquisitions and
- Managing annual tax computations for selected subsidiaries.
- Assist on year end tax provisions.
- Preview and maintain group deferred tax. Provide technical advice and support to
- group companies where necessary. The ideal candidate will be a qualified Accountant

with up to five years post qualified tax experience. You will be a motivated team player

£ Excellent + Benefits

possessing initiative and ability to cover issues beyond pure tax.

The role offers excellent career prospects and is matched with a competitive salary and full company benefits.

If you are interested in the above opportunity, please contact David Reilly on 0171 269 2455 or send your CV to him at Michael Page Taxation, Page House, 39-41 Parker Street, London WC28 5LN. Fax 0171 831 6662. email: davidreilly@michaelpage.com

Any applications sent directly to the Daily Mail and General Trust will be forwarded to Michael

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Finance Manager

UK Operation Start Up

c £50,000 + Car + Excellent Benefit

London, W1 Our client is a substantial South African Proprietary Ltd.

group with a turnover in excess of £800 million and operations throughout the world. Following a period of extensive restructuring and change, the role of Finance Manager has been created to support senior ment through its next stage of growth.

Reporting to the Corporate Controller overseas, you will be responsible for establishing a complete financial infrastructure for the UK and European operation.

- Install financial controls and assist in upgrading systems (currently SAP R/2 but moving to SAP R/3).
- Preparation of monthly and year end reporting, including liaison with internal/external auditors.
- Recruitment of finance staff for UK and European
- Working closely with the Regional Manager In setting budgets, sales forecasts and reporting performance to budget including profitability.
- · Ensure the company complies with all statutory, comparate tax and VAT requirements.

- Provide a support function to the Regional Marks Manager and work on additional projects
- Involvement in strategy planning and periodic review

This is a pivotal role that will require a qualified charters accountant with a minimum of circa 2-4 years PQE gainer preferably in an FMCG/airline Industry. Candidates with exposure in other environments will also be considered Exposure to UK/European Tax will be essential.

It is important that candidates have well developed communication skills along with the ability to influence others at all levels in the business. A professional, enthusiastic and proactive nature will be necessary to add value to this changing business and make an immediate impact.

interested candidates should forward a comprehensive curriculum vitae, including details of current salary and daytime telephone number to Jazz Dhanda at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or fax 0171 242 1020,

Michael Page

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Finance Director

A leading role in a highly profitable UK subsidiary of an international services group

London

Our client is one of Europe's leading and most profitable specialist service providers with a turnover in excess of £150m. This multi-site business has been through substantial organisational change and continues to grow both organically and by acquisition. The appointment of a highly commercial Finance Director is an essential development within the business as the appointed candidate will take a proactive role in

Reporting to the CEO key tasks will include: providing strong, focused and timely financial introducing change to financial management systems

especially with regard to performance reporting;

financial data which is available

providing real clarity and insight from the mass of

individual must be a team player who has the stature and credibility to win respect from fellow board driving profits forward through the implementation of members in the UK and internationally. revenue enhancing and cost reducing initiatives. Prospects for career development are excellent in this

> Please send a full CV in confidence to GKR at the address below, quoting reference number 99049N on both letter and envelope, and including details of

> Package £100,000 + Options + Benefits

The appointee will be a graduate qualified accountant

who has US GAAP experience and is seeking a financial

directorship in a challenging and fast moving

environment. This requires proven management skills,

coupled to strategic thinking ability, and highly

developed motivational and influencing skills. The



Park House, 6 Killingbeck Drive, Tel: 0113 248 4848. Fax: 0113 248 4852.

ambitious and highly profitable business.

ICL has a huge worldwide presence in the IT services and systems industry with exciting plans to achieve flotation by the year 2000. We are renowned for management professionalism, exceptional service delivery and technological excellence. Our success is based on a philosophy of total commitment to staff, clients and business partners alike.

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Working closely with senior financial and operational managers, the successful condidates will be expected to rapidly assume a high degree of autonomy and responsibility for high profile assignments aimed at improving efficiency, control and enhancing profit.

Viewed as a source of high calibre senior finance and operational managers, this department has an excellent track record in training and preparing individuals for these roles. The current vacancles have arisen as a result of recent promotions from this highly visible team.

The successful candidates will be qualified ACA/CIMAs or equivalent with 2 years PQE, ideally from

- the Big 5, with commercial investigative experience, preferably within an international environment
- Preference will be given to condidates with project review experience. Excellent communication skills in English are essential, as is iT preficiency.
- Fluency in a northern European language would be an advantage. You will be expected to travel extensively both within the UK and overseas.
- The ability to interact at all levels and to build relationships internally and externally is essential.

◆ You will be self-rellant, with high levels of drive and initiative. Since our success is based on the people we employ, we acknowledge that your future is of vital importance to us and therefore we offer a career path specifically tallored to your individual strengths and ambitions. The remuneration package will be commensurate with experience, together with an excellent flexible benefits package and a car or our allowance.

These are exciting opportunities in a fast moving industry. which is focused on the future,

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If you feel you have the qualities to work hard and influence people: are prepared to invest some time in building your career and would like to join this high profile team, please submit a comprehensive curriculum vitae. Including details of your present salary to Juliana McLeish, ICL Recruitment, Forest Road, Feltham, TW13 7HZ

Challenging New Technology

Finance Director

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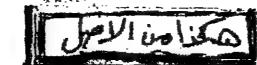
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Finance Director

£55K + Benefits

This is an influential role with a powerful, £50 million+ subsidiary of a world market leader. Our client is a leader in the rail industry, with an impressive reputation for hi-tech solutions. that regularly move the entire industry forward.

They are currently servicing long-term projects in Europe and Asia. In addition to providing financial support and information to these projects, your role will be to assess and develop financial strategies for international product development.

With a constant awareness of the full picture, you will also provide a business Π strategy to Support the UK business, and to ensure full Year 2000 compliance. You will develop pricing strategies, manage financial information and establish best practice models regarding compliance issues, information delivery and overall professional accounting standards.

The international projects involved, the current rate of growth and the expansion plans for the future demand somebody with flexibility, vision and total commitment. A qualified accountant, you must come from a project-oriented background ideally from a global technical or engineering organisation. Your track record in financial management must be excellent.

In a business that is really going places, you can make a long-term impact on their financial direction. To apply for this role, please write with your full cv, quoting reference CS010 to our advising consultant, Joe Waterman, Park Human Resources, 3 Portland Place, London WIN 4HR. Closing date: Tuesday 20th April 1999.

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- ting group, he Landon base is expanding rapi

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Finance Director

How much ground dould you spake in caraging the problitions of England's rugby forward into the third millennium? Tacking the shallenges of the professional are and the fresh opportunities it brings is all part of the game for the Bugby Football Union.

The RFU now seek to appoint a Finance Director to be a key manifer of a new Management Team who will

- Provide Snanciel expertise and strong commercial support
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expertise gained in a last moving, pile environment. Outstanding communication and influencing skills will be combined with strong personal presents and a proactive, hands-on-

Interested condidates should write with full CV, quoting current rewards package to Mark Hurley or James Conclile, Hoggett Bowers, 28 Estatic Street, London WC2R 3/17, Tel: 0171 970 9800. Fax: 0171 936 3974, E-Mail: email M@hoggets bewere co.uk questing ref: LMH/2235/JFT.

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will be crucial, operating as a key member of a robust senior management team in enhancing growth and profitability over the long term.

- The brief includes: Make a pro-active contribution to strategic and
- commercial decision-making processes. Develop management information systems which wall
- facilitate business growth.
- Deliver first class financial reporting and control.
- Be a 'Champion' in managing and supporting a highly effective Finance function.
- The Person

Reporting directly to the Managing Director, this role . The successful cardidate will need to be able to demonstrate significant commercial exposure at a senior level within 'core' profit centre environments in a manufacturing or distribution based business. Key auributes required:

- · An inspirational leader, with the confidence and stature to build credibility within the senior management team.
- A strategic trainler, with real commercial talent.
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Please send full CV and salary details in confidence to Martin Morgan at Morgan Mackle, Prospect House, 14 Ashiteki Road, Chorley, Lancashire PR7 1LH, Tel: 01257 234970; Fact 01257 273696; 5-mail: info@morgan-mackie demon.co.utr



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in the UK. Today more than 2.3 million people subscribe to our wiretree services and the Orange network covers over 98% of the UK's population. Our enviable growth and an impressive reputation for innovation has led to opportunities for two talented finance sionals to join Orange's corporate head office, and this in

Orange is one of the most dynamic and fastest growing companies

Interacting with the UK and international operating companies, these key roles provide a focal point for meintaining the integrity of Orange plo accounts and developing group financial reporting. You will quickly establish an understanding of key requirements in order to maintain group. statutory reporting systems and comply with tight reporting deadlines. You will need to ensure correct consolidation and reporting treatment of the group's subsidiary associate and joint venture businesses.

You must be a qualified ACA currently working within practice or with a meximum of 2 years' PQE in a relational commercial environment and an understanding of UK and US GAAP. Equally important will be your ability to demonstrate strong interpersonal skills and to work within a fast moving corporate head office antironment whilst utilising advanced

An attractive selary and benefits package reflects the importance we attach to these roles. Additionally, opportunities for carear development are extensive as the company continues to expand.

Should you wish to con a team of professionars arring to spreigh the traditional boundaries of the finance function, call our retained consultants Natastra Volkk or Robert Bowyer at Parker Bridge Financial Recruitment on 0171 464 1550. Alternatively, email your CV to natasha_volki@parkerondge.co.uk or send your CV to Parker Endge Financial Recrustment, Marbarough Court.

14-18 Hoborn, London EC1N 21E quoting reference NV.41078. GVs sent directly to Orange soll be forwarded to our retained consultants for consideration



Assistant Group Controller

West London

£50,000 package

A recognised world leader in the provision of international business services with a profitable turnove of £180 m, this business is enjoying substantial growth in the UK and overseas. A recent restructuring, together with a programme of IT implementation has created this unique opportunity.

- Monthly reporting, analysis and interpretation of management information, including
- implementation of a new consolidation system. Preparation of plans, budgets and forecasts to support the achievement of business objectives.
- Providing technical support to Group Financial Controller and assisting with ad-hoc projects and analysis.

The Candidates

- Graduate, qualified ACA, probably seeking second role outside of the profession.
- Technical expertise combined with commercial acumen is essential, together with well developed IT skills and a flexible 'can do' attitude.
- Energetic, proactive and ambitious with a hands-on approach. Capable of communicating across the business at all levels.

Please write in confidence, with full career and current salary details, quoting reference SIW/1675FT

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Investment Banking - Treasury Accountant

Young Qualified ACA/CCA/CMA To £55,000 + Bonus + Benefits

We are representing one of the largest banks in Europe and one of the top 20 banks world-wide. Our client has an enviable reputation, a commanding international presence and an extensive product range.

Their continued development and increasing business demands have led to a need to recruit a Treasury Accountant to work as part of the Treasury and Fixed Income Network Management team.

The role is essentially to provide transparency and clarity, incorporating interpretation and analysis, of the Treasury businesses in London, Amsterdam, Chicago and Singapore thus enabling effective management decision making.

Specifically the role will include:

- Review and commentary upon the monthly management accounts. Monthly provision of full year cost forecasts, comparisons and analysis.
- Preparation of the annual budget. Review and interpretation of reported daily revenues, monitoring the business activities of each location.

The requirement is for an ambitious qualified accountant with strong PC skills. You should have already gained at least two years post-qualified experience in a similar environment and, as the role requires extensive personal liaison across the

business, a confident and personable nature is essential. There is excellent potential for career advancement both within the team and wider organisation.

> Please send your CV to Andrew Fisher at Parkwell Management Consultants Ltd., 8 Wilfred Street, Westminster SW1E 6PL Face 0171 233 5205 Email: parkwell@compuserve.com or call for more information Tel: 0171 630 8000

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Dominic Ruffy at

Aston Carter Limited.

London, EC2A 4LD.

Tel: 0171 739 5500.

Fax: 0171 739 0020.

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Email:elle@astoncarter.co.uk



Brate cut tak

Equities Sales and Research Technology C++ Developers

Our Client is a Global US Investment Bank with a reputation for excellence within the financial markets.

With an unmatched presence in the Global Derivatives Business the need for leading edge systems and technology has only been equalled by continuing business investment in these systems.

New positions have arisen within the Global Equity Sales and Research Team for Senior Analyst programmers. Working in a Team of 4, you will be responsible for full analysis, development and support of this system. With frequent user interaction it is vital that the successful applicants have full product lifecycle experience gained in a delivery focused environment.

Development is carried out on a Solaris Backend and NT Front-end with CORBA (Orbix) middleware and Sybase. Rendezvous supplies the messaging

C++ and Visual C++ are used for back to front development.

Applicants should have a minimum of 3 years experience in two or more of the above, gained ideally within a financial environment.

An excellent record of academic achievements (2.1 degree pre-requisite) and strong interpersonal skills are essential. Whilst exposure to financial markets is advantageous, it is more important to have the desire to build a detailed knowledge of the Sales Research & Securities industry.

This represents an excellent opportunity to join a small growing team and to build a reputation with one of the worlds most prestigious financial institutions.

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Investment Banking

PROJECT MANAGER To £65,000 + benefits

Our client is a leading fund manager with an International reputation for quality and performance. They cover institutional, private client and retail business lines and are supported by a first class IT development group. They now require a Project Manager with 4 - 6 years proven experience ideally gained with fund manager, bank or financial services company who will take responsibility for complex development projects for the front office. Current projects include Portfolio Modelling, Portfolio Analytics and Client reporting. There are a number of planned projects including Bond Analytics and a review of Market Data Services. This is a high profile position which involves extensive client contact and the ability to deliver projects on time.

For a confidential discussion pieces call Rod MacKenzie at LFI on 0171 208 5800 or on 01279 725 683 (evenings/weekends), alternatively email to rmachenzie@lawfin.com

global investment management firm, their role is to analyse risks associated with any derivatives which funds may have or be planning to invest in. They are now seeking a highly numerate graduate/PhD (maths or physics) with 1 - 2 years experience of the City markets ideally gained within an audit, financial control, middle office or trading environment. You will be thoroughly proficient in Excel and VBA and have the ability to work with other analysts in business development and performance teams. Experience of Options/ Warrants, Structured Products, Statistics including volatility and liquidity measures or information vendors like Reuters, Bloomberg and Datastream would be advantageous.

QUANTS RISK ANALYST

Our client is the Group Risk team within a

To £40,000 + benefits



SENIOR QUANTITATIVE ANALYST & C++ QUANTITATIVE DEVELOPERS

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This is one of the world's most successful banking institutions with a powerful global presence and a strong reputation for leadership in financial product development and technical innovation. They are now seeking to recruit a talented quantitative analyst and a number of quantitative developers to further strengthen both their London trading activities and various new risk management initiatives. Both quantitative analysts and developers work together to develop, enhance and integrate trading and market risk models, libraries and strategies.

You should boast an excellent science mathematics academic background including a 1st/2.1 honours degree from a top-tier university and preferably a higher

degree. You should have a minimum of one year's financial experience. For the developer ositions a strong software engineering background is required. Successful candidates will have excellent C/C++, VisualC++, Visual Basic, Excel, Numerical Methods, etc.

Remuneration packages are superb and include substantial bonuses and benefits and a review in six months.

In the strictest confidence, please send a full CV to Craig Millar at Millar Associates, 6 Sloane Street, Knightsbridge, London SW1X 9LE. Please quote reference no. FT0704. Tal: 0171 823 2222. Fax: 0171 823 2208.

Millar Associates

INVESTMENT BANKING

\$35K - \$55K + BONUS

Premier U.S. Investment Bank seek a high calibre Business

Analyst for their Fixed Income capital Markets group. Your remit will include tiaison with new business groups to define accounting requirements, identify and resolve analysis issues and assisting the development team during the design and construction phases. The successful candidate will have a strong academic background, analysis and testing skills, systems development experience and academic background analysis. preferably accounting or SWAPS product knowledge Outstanding career and financial rewards.

C++/STOCHASTIC METHODS \$40K - \$60K+ BONUS

Pre-eminent European Derivatives House seeks a Financial Engineer for their Front Office Trading team. Working closely with quantitative analysis you will help build analysics libraries for the FX/Options Group. Successful candidates will have strong C++ programming skills, excellent numerical skills and a good understanding of capital markets. The role is challenging, exciting and extremely rewarding, High calibre candidates with a sound academic background need only apply.

VISUAL BASIC/FIXED INCOME

Leading Investment Bank seeks a Rapid Application Developer to work in their Global Fixed Income Group. Providing sactical development for Traders, you will be expected to deliver object orientated tools with an emphasis on long-term usability. You must have a minimum of two years experience of Global Markets, particularly Fixed Income and object orientated development techniques. You must be prepared to work in a dynamic, high pressure environment, unsupervised yet acting as a team player. High calibre candidates with a strong academic background need only apply.

C++/FIXED INCOME \$45K - \$70K + BONUS

Fixed Income Derivatives Group of this Global U.S. Investment Bank seek a highly qualified Financial Engineer. Developing and supporting the Derivatives system you will work closely with the quantitative team to implement models and re-engineer prototypes. A strong numerical background is essential, coupled with financial markets knowledge and a minimum of two years C→ programming expertise. An outstanding career opportunity.

QUANTITATIVE ANALYST \$40K - \$50K + BONUS

Premier European Derivatives House seeks a junior Quantitative Analyst to join their OTC options team. Initial duties will include research analysis, mathematical modelling and verification of option pricing models. The successful candidate will have an impeccable academic background to include a numerical based PhD and have strong communication skills coupled with an enthusiasm for the financial markets business. A challenging and

BUSINESS ANALYST

World leading investment Bank has an opportunity for a Business Analyst to work in their Technical Support Group. The successful candidate will work on a wide variety of projects including redesign of the middle office systems and improving the consolidated view of Front Office positions for P&L and risk management purposes. Proven project management skills, through business analysis, development and testing, to sign off and roll out are essential, coupled with excellent communication and

presentation skills in order to liaise with users, IT and senior management. Candidates with a strong academic record wishing to pursue a challenging career in IT and Project Management need only apply.

The people the City turn to first. Many of our clients also offer Contract opportunities requiring the above skills.

wed suppliers to the top financial Institutions. This is a selection of current opportunities in the City. We have many more. Our consultants have an in-depth understanding of this market and how it can work best for you, so please call Paul Wilking or Amanda Crossland on 0171 267 2525 to decuse your options. Alternatively please send, fax or e-mail your CV to us at: ARC Recruitment, 15-16 New Burlington St, London W1X 1FF. Fex: 0171 287 9668. E-meil: arc@itjobs.co.uk

Front Office IT - Key Players

Development Specialists New Technology. New Builds.



eat the needs of our global clients. As part of the Barcing

Total Compensation from £60-135,000

Pricing & Analytics

You will be working in a high profile front office team whose efforts are central to the firm's business and who provides pricing functionality across a wide range of instruments, including debt, fit and derivatives. You must have good front office experiance which may have been gusted across a warvay of financial products.

Financial Analyst/Programmers

Financial Action your rough security.

C++, COM, A7L, VB, VBA and NT
These are critical roles in the design and development of new tools. You will
not in project planning and architecture as well as implementation. Your skills six
should include C++. COM, ATL, VB, VBA and NT, Strong presentation skills are
should include C++. COM, ATL, VB, VBA and NT, Strong presentation skills are required and experience of food income analytics or task would be useful. Ref: BCF7097

Senior RAD Developers

A SHARPER FOCUS

CHICAGO + FIUNIGRIRIT + HONG KONG - JOHANNEBURG - LONDON + MADRO - MILAN + HUMBAI + NEW YORK + RATS - SINGAPORE + SYDNEY + TORYO

VII, VIIA, COM and NT
Your technical statis portions should comprise VB, VBA, COM and NT.
Particular knowledge of fixed income and derivatives, yield curve use and construction would be advantageous, as would experience of Sylasse, SQLServer and useb based development, Ref. BCF1098

Derivatives Trading System

Senior Business Analyst/Developers ROBBIS and either C++/CurbalOrbix on Unix

Fixed income Trading System

Senior Business Analyst/Programmer Bussiness Objects (ATL), COMBOOM, Visual C++, VB You will play a major part in delivering a new global found income analog grams for possible toeping and risk management. The artifacture is VB and Business Objects (ATL) with a Vasual C++ from and against a SphasyUnite both and Ybu will be performing "clerk" and businest and tochnical analysis through build and mightimerization. In parallel the latent will also be responsible for investigating the firm's from office e-commerce strategy and to upcoming implementation. Ref. BCFT 100

Global Order Management System

Senior Trading System Developer

VB. RDBMS and Web (VBScriptilavaScript)

Ybu will be working on one of the most strategic front office projects of the livin, comprising the build of a global futures order routing and excuption system for each argument of the projects. This is a technically challenging project, which will streach your lour's year's full ble option, characters development superience to its limits. As losse two of these years will have been sport developing in VB/RDBMS and, morn records, delivering Web date components (ASR VBScript, javaScript etc.). Ref. BCF101

Gross Product Trading Systems
Financial Markets Experience Desirable

Senior Analyst/Programmer

Che or Vis and ROBES

The role requires proven full file cycle development superforce gained in a robust, demanding environment. This may be an invasionist bank have it could let as easily be a software house with rigorous development standards. We need escallent C++ or VB and a major RDBPS (Sybass, Oracle, SQLSever, etc.). The applications are cross-product and support the full range of the bank's trading businesses. Ref. 8CFT162

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> RAD, etc. Salary ranges from £20K - £26K, depending upon experience.

Send CV through e-mail at asiapan@hotmail.com or by post at

19 Nutter Lane, Wansted, London Eli 2HZ.



EQUITIES

ECB rate cut takes markets by surprise

EUROPEAN OVERVIEW By Khozem Merchant

Euro-zone markets closed slightly up after a day when attention was focused on an event due to take place after the traders had gone home. That was the announcement by the European Central

est rates. When it came, the ECB's

FTSE Eurobioc 100

Bank of its decision on inter-

50 basis point cut took most people by surprise. Few had forecast such a large cut. with modest corporate news Earlier in the day, the UK, to distract attention. the main euro-out, had cut interest rates by 25 basis points.

focused, rate-sensitive stocks

such as leisure and retail. Euro-zone markets started

When markets open today easing of monetary policy.
the ECB rate cut is expected The FTSE Burotop 30 The FTSE Eurotop 300 to benefit domestically index of Europe's leading stocks rose 0.37 points or 0.08 per cent to 1.284.57. The

gained 0.88 or 0.03 per cent in US, Europe as well as to 2,987.07. emerging markets. The strongest performing

sector was personal care and anticipation of an interest Later, consumer cyclicals bousehold products, which and retailers led the way in climbed 4.56 per cent. driven the expectation of a modest by L'Oréal. The French beauty products company was one of a few big movers, on the back of encouraging first-quarter sales figures. Its FTSE Ebloc index of shares

also improved, up 2.01 per and BNP, which are involved in a complex three-way merger battle, shed a little ground after Warburg, an share price closed up €37.5 the day firmer on a strong in euro-zone countries at 6651 after improved sales investment bank, downgraded its rating for the FTSE Actuaries Share Indices French trio from "buy" to

'accumulate". Warburg said there was unlikely to be any signifi-cant advance in the contest until June. BNP lost €6.60 to €72.60, while SocGen shed

ground were aerospace and defence, which fell 2.11 per cent, and water, which continued a disappointing week, losing 3.83 per cent.

INTEREST RATE SWAPS

BONDS

CURRENCIES & MONEY EURO SPOT FORWARD AGAINST THE EURO -0.100 22 - U4 +0.000 82 - 32 -0.246 28 - 78 -0.580 144 - 45 +0.0603 197 - 28 +0.0609 976 - 05 +0.200 976 - 05 +0.200 976 - 05 +0.203 82 - 80 +0.204 977 - 976 -0.0013 827 - 974 -0.0013 827 - 974 -0.0013 827 - 974 37.5850 1.4262 324.090 252.250 Another sector moving in rate cut was leisure, entertainment and hotels, which 28,2903 45,0810 8,9679 1,5973 27.9916 42.3274 6.9371 1.5934 rose 2.38 per cent. Mining +0.0038 UN - III -0.0018 UN - III +0.0033 219 - 256 +0.0038 US - 756 +0.0038 US - 436 1,6764 1,6571 1,6125 10,1954 1,0766 +0.0147 340 - 280 +0.0204 522 + 535 +0.7351 050 - 318 +0.0122 571 - 584 +0.0124 572 - 471 +0.0144 427 - 454 +0.0144 427 - 454 +0.1767 720 - 155 +0.0145 771 - 155 +0.0145 771 - 145 +0.0145 771 - 145 +0.0145 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 +0.0147 771 - 145 1,7890 8,3940 46,2179 9486,22 4,376,2 4,1180 2,0421 11,1740 4,0631 11,5740 8,7869 1325,54 46,9536 1325,54 46,9536 1325,54 -1.9 -2.5 -7.2 1,7179 8,3458 45,900 9420,5 43,930 130,200 4,0913 2,0273 41,219 40,639 40,639 40,639 40,639 40,639 23,340 1,7375 8,4016 48,3453 9455,501 131,100 4,1256 2,0457 42,0153 4,0734 1,8750 6,7565 1329,71 15,9604 1,1914 1, Jerna Jerna Japan Africa Santa Artica Santa Artica Santa Africa South 2,0448 42,0588 4,0732 1,8721 8,7905

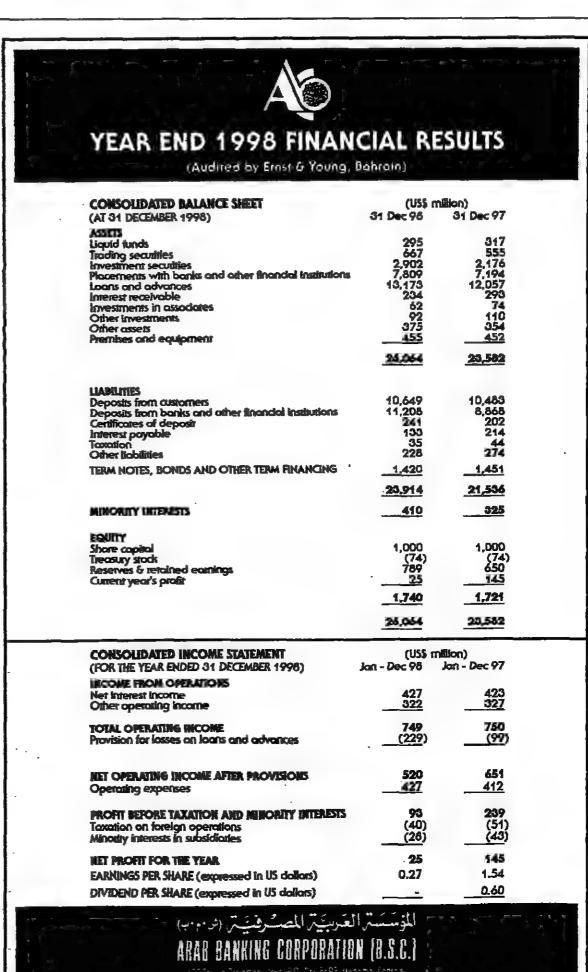
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	• •	_			,			Mining	984.75	+2.01	+19.41	3.48	21.3
,								Of A Gas	960.36	-8.80	-7,84	2.74	2.82
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	97.205		•	High	Appr		Open int.	Forestry & Paper	940.80	+1.03	+9.52	4.11	38.00
	97.255	97.210	+0.010	97.430	Q7,196	96242	THEOTY	GENERAL INDUSTRIALS	1182.17	+0.67	+7.87	2.21	5.60
	97.070	97.260 97.060	►0.010	97.420	97.240	77830	40.41	Assessed & Delegas	785.46	-217	-15.95	2.11	3.94
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		97.175	-0.005	97.350	97,150	23140	90592	Browns & Bud Book	1101.31	+1.69	+18.15	1.71	9.86
			NAME (UP)	8) 6) AN 100-	rate-			Engineering & Machinery	1089.36	+1.07	+11.50	4.02	5,63
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	01.700	97.266	+0.010	97.205	97.209	205	105220	Automobiles	35.21	+1.13	+10.72	2.36	0.83
	97.080	97.086	10010	97.080	-	0	92917	Household Goods & Tinds	1386.01	4	+12.21	205	aa
	37.000	97 175	-0.005	A1.7080	97.045	45	5319B .	MON-CYC COME GOODS	1233.13	-0.25	-4.35	1.48	5.81
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		CA	US			PUTS -		Health	1072.73	+6.D4	+0.42	1.00	9.00
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	C.055	0.120	1.10S 0	165 0.12		****		Phorpacoultrals	115135	-1.00	-11.72	1.19	5.22
73	0.030	T. IEB	.100	100 V.(2		0.376	0.255	Tobacca	1253.49	-2.25	-30.18	3.36	26.75
		0.045 0	1046 01	180 D.31		0.45	0.420			_			
-	L Cade & Pub					-	UV-MEU	CYCLICAL SERVICES	1332,46	+8.63	+3.41	1.83	4.75
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		1011	Mariet	CO per su	HINEZ PONT			General Retailers	111125	+1.25	+13.82	1.88	3.04
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VV ¥	FTSE Euroblig Ex UK	1272.30	+0.62	+7.28	2.34	3.78	1255.62
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	Baroblec	131262	46.11	+1.41	1.36	2.00	1543.95
	冰	1251.00	-8.52	-6.53	2.17	10.21	137A.B3
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•	Missing	984,75	+2.01	+19.41	3.48	2L37	1000.29
	Oil A Gas	959.35	-8.86	-7.B4	274	2.82	996.24
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E) £1m 100-mir	Chemicals	860.34	+0.04	+0.37	2.48	2.93	178.6B
ge High law Est. vol Open int.	Construction & Did Marie Forestry & Paper	10 <u>62.72</u> 940.80	+8.67	+7.85 +9.62	2.92 4.11	3.06 38.65	1875.26 1823.55
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05 97.350 97.150 23140 99592	Browns & Bud Book	1101.31	+1.69	+18.15	1.71	9.85	1117.99
IFFE) Clar 100-rate	Engineering & Machinery	1083.36	+1.07	+11.50	4.02	5.63	1110.76
ge High Law Est was Open tel.	CYCLICAL CITIE HOOGS	OF R	+1.08	+14.06	2.50	0.50	1342-54
10 97.205 97.209 205 105229	Automobiles	25.21	+1.13	+10.72	236	0.63	964.61
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ALOND 0 50	MON-CTC COMS 60008	1233.13	-0.75	-4.36	1.48	5.81	1278.27
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ge High Low Est, voi Open int.	Lesson Externol & House	1010.52	+2.38	+23.46	1.89	8.72	1034.20
2989-0 2977-0 1973 5846	Media & Photography	1252.63	+0.74	+8.21	1.48 -	6.30	1270.53
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PEPEPEPEP	Telecontratication Sens	1413.52	+0.52	+7.35	115	0.43	1425.06
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BENCHMARK BONDS By Arkady Ostrovsky in London

and John Labate in New York

European bond markets rallied yesterday following a surprise decision by the European Central Bank to cut interest rate by as much as 50 basis points to 2.5 per

for a cut of 25 basis points but few expected a cut of 50 basis points, observers said. The yield on the two-year

German bund fell by 16 basis points to 2.68 per cent, leading to a steepening of the vield curve. The 10-year bund also fell by 18 basis reached its goal and manpoints. The 10-year bund future leapt almost a point higher to 115.95.

Wim Duisenberg, president of the ECB, said: "We wanted the move to be as convincing as possible because we were atraid that alightly to 37 basis points. a smaller move would only have led to further expectations for the future, that this would be only the first step." size of the cut indicated this to 5.25 per cent. could be the last easing by

Options Exchange rose from 97.26 to 97.40, indicating, however, that the market was not prepared to price in another 25 basis point cut by September.

"It almost seems that the ECB's message is that it had done as much as it could by using monetary measures The market was prepared and the ball is now in the court of the politicians," said David Knott at the Deutsche

> Ifty Islam at Deutsche Bank said the move was clearly designed to stimulate economic growth in Europe but he added that if the ECB aged to kick-start European growth, the yield curve could steepen further as the yield on the 10-year bonds would start rising.

Meanwhile, the 10-year euro swap spread tightened

in contrast to the eurozone bond markets, the UK gilts market weakened after the Bank of England cut the Some observers said the base rate by 25 basis points The 10-year gift future feli

the European Central Bank. 0.12 to 117.87 as traders spec-The September three- ulated this could be the last month interest rate future cut in the rate cycle. Phyllis ducer prices.

national Futures and said the market's lukewarm reaction to the cut could also be explained by fact that in contrast with its previous practice, the Bank of England did not issue a statement explaining its rea-

sons for lowering the rate. The Bank said the minutes of the monetary policy committee would be published in two weeks. Observers suspected there could have been serious disagreement between the members of the

mid-day trading on the news of the European rate cuts, sending the long bond below

By early afternoon the 30 year bond, the benchmark for long-term interest rates, had gained 1 at 97 is, sending the yield lower to 5.432 per cent.

Freeport downgraded

By Sander Thoenes in Jekerta

Standard & Poor's, the growing rating agency, yesterday sentiments in Irian Jaya, the downgraded Freeport province where Freeport McMoRan Copper & Gold, the US mining company, to reflect the increasing political instability in

The agency lowered equal to its sovereign credit later this year, when

rating for Indonesia. New on parliamentary its list of concerns were separatist sentiments in Irlan Jaya, the operates its giant Grasberg

S&P reiterated concern that Freeport's close tles with former president Subarto could leave it Freeport's corporate credit vulnerable to tax increases rating from B- to CCC+, or political retribution

presidential elections may well bring opposition leaders to power

monetary policy committee. US Treasuries rallied in

the important 5.5 per cent yield level.

a boost, with the 10-year note up \ to 97%, yielding 5.031 per cent and the two year note up % at 100 d. yielding 4.841 per cent. Little fresh economic news was available yesterday, but investors await the release

The downgrading came despite government approval last month for expansion of Grasberg's production to 300,000 tons of ore per day. ignoring claims by tribal leaders in Irian Jaya that expansion would worsen the environmental impact of the

Surprise ECB rate cut Hungary resurrects \$500m offering

NEW ISSUES

Hungary yesterday launched a \$500m global bond, two weeks after the original launch was postponed because of the Kosovo crisis. The seven-year bond was set to launch the day after

Kosovo was attacked by

The bond will be priced today at an indicative spread of 145 basis points over the relevant treasury.

demonstrated how Hungarian credit has "differentiated itself, first, from the fall-out of the Russian default and now from the Kosovo crisis".

The bond is designed to introduce the borrower to a time when its economy is on yield bonds last week, sig-

the upswing", bankers said. and allows investors to benefit from the convergence of Hungarian spreads as the country approaches membership of euro-zone.

European issuers. In Februborrower rated below single A to issue in euros, a €500m issue to vield 86 basis points over the bund, widened by 10 basis points after Nato's

Bankers said the re-launch now tightened. NTL, the UK-based tele-

Hungary has set the pace among emerging eastern ary it was the first sovereign 10-year note. It was priced at action in Kosovo, and has

coms group, kept up the recent resumption of highyield bond issuance with a £330m note that was largely bought by US investors, NTL's 10-year paper follows global customer base "at a the launch of several high-

New international bond issues US DOLLARS LBW Capital Markets pic

5.875 99.558R Acr 2009 0.325R 5.00 99.957R May 2009 0.325R 5.50 99.874R Acr 2006 0.375R 618 Acr 2006 0.275R 618 Acr 2006 0.275R 618 Acr 2006 0.258 619.877 Apr 2004 0.258 10.508 99.815 Apr 2000 0.50 (c) 100.00 Acr 2002 0.15 Banco Itau Winciemere Corpo Apr 2004 0.25F Apr 2006 0.75F Apr 2000 0.05 E STERLING

Apr 2009 undisci. +525(9Oct08)

nalling a pick-up in a market November and by January badly hit by the Russian

Bankers said technical conditions in the market had begun to improve since last

the secondary market had regained its strength, though issuers were still reluctant to follow suit.

a yield spread of 533 basis points over the relevant UKgilt and traded at a premium. There are another three high-yield bonds in the

Turkey pledges capital market reforms

In a move to encourage more investors to differentiate among emerging markets in its favour, Turkey is promising to deliver important reforms of its capital markets after its general election on April 18.

The legislation, which has the backing of most of the country's six main political parties, would boost protection for small investors and minority shareholders. It would also fill legal "holes" in the Board's ability to police market abuses.

Finally, it would give the Board power to authorise the opening of new markets. which Muhsin Menguturk. chairman of the Capital Markets Board, Turkey's main market regulator, is keen to promote. In an interview yesterday, he said that at least four were in preparation, pending enactment of the new legislation:

The Istanbul Stock

wide exchange, by adopting different listing requirements in order to open the way for smaller regional companies to go public. It is also developing the necessary software for a nationwide computer network that would enable investors anywhere in the country to enter orders through a local brokerage. Meanwhile, technical preparations for a separate index futures market

one in the country, is to be

converted into a Turkey-

are near completion. • A Privately-run Futures and Options Exchange, in partnership with the Chicago Board of Trade, is ready to start up in the western city of izmir by trading a cotton-based futures con-

• The Istanbul Gold Exchange has just begun to 48 per cent last month developing a currency from 86 per cent the same futures contract.

to see the establishment of other borrowers from the who own half the free float the public.

tract "because the other main risk in emerging markets, apart from currency risk, is interest rate risk".

The fact that Turkey will have had three governments since it last held elections in 1995 has complicated efforts to secure parliamentary time to pass the capital markets iaw earlier.

But last year's emerging markets crisis, which tarred all developing countries with the same brush, has helped drive home, even to Turkey's fractious politicians, the importance of removing domestic handleaps to the growth of the country's capi-

The biggest obstacle to the development of markets and which have already been foreign investor confidence is Turkey's high inflation. Wholesals price inflation fell time last year. Government

driven market volatility. Emre Timurkan, head of

International capital markets at Körfezbank, a middie-size Turkish commercial bank, says that in the present environment, "there's no way that anyone would dare write an interest rate option any further shead than a

Mr Timurkan shares widely-held market expectations that the election will deliver real change. The International Monetary Fund has promised Ankara financial support if the post-election government implements a comprehensive anti-inflation on the stock exchange. strategy, the parameters of

Mr Mengütürk agrees with the need for structural reform to underpin the institurional changes he has in mind. For instance, he is

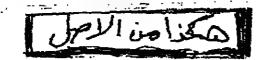
Exchange (IMKB), the only an interest rate futures con- domestic debt market, while of the Istanbul stock. political instability has exchange, should be balanced by a domestic institutional investor base; which does not yet exist.

The total portfolio value of domestic collective investment institutions in Turkey including the insurance industry was 1.2 per cent of Gross Domestic Product at the end of 1997, compared to 5 per cent in Latin America and 57 per cent in South

Mr Mengutürk would also like to see tax incentives from the government to stimulate long-term investment, as well as to encourage more companies to list

The Capital Markets Board estimates that market capitalisation would triple in dollar terms if the 375 or so of the country's 500 biggest companies which are not listed on the Istanbul Stock Exchange were to offer 25

WORLD BOND PRICES		
BENCHMARK GOVERNMENT BONDS	BOND FUTURES AND OPTIONS	US CORPORATE BONDS INTERNATIONAL BONDS
Apr 8 Date Coupon Prios Yard yield yard city yid city yid	France	Degris Mitch in Spring Degris
Assimilia 01/01 8,750 108,7902 4,71 +0,01 -0,15 -0,41 -0,19 08/08 8,750 126,1519 5-300,13 -0,39 -0,24	THE MOTTORIAL SURPO BOTHO PUTENTIES (MATIF) (100,000) Open Set price Change High Law Bet, vol. Open Int.	W VILVILLE
Austria 03/01 5.290 104.3000 2.81 +0.02 +0.02 -0.26 -1.23 01/04 5.000 107.1900 4.010.14 -0.25 -0.92	Jun 95.84 96.71 -0.13 95.92 96.54 27,737 78,996	Pac Bell 07/02 7.25 AA 104.7829 5.91 +0.01 -0.29 +1.52 ASH Asuro 08/07 7.125 AA 104.7829 5.98 -0.02 +0.01 +1.29 NY Tel 08/25 7.00 A 98.5187 7.030.09 +1.52 ASH Asuro 08/07 7.125 AA 104.7829 5.98 -0.02 +0.01 +0.98
Beigine 0547 5.000 103.8500 2.940.01 -0.95 -1.15 05400 2.750 98.9400 4.17 +0.02 -0.06 -0.16 -0.76	EL COME TENK ESTIC BOILD OPTIONS GIATIF	CWE 05/06 8.00 888 113,1678 6.080.24 +0.95 CHECKY PRN 02/04 5.086 AA- 56,5110 8.18 +0.03 -0.12 +0.170.17 -0.17
Capanda 1970 8.000 100.4985 4.72 -0.04 -0.10 -0.45 -0.12 -0.04 -0.11 -0.31 -0.38	Strike CALLS Price Hery Jun Jul Au	GECC 05/07 8.75 AAA 118.1872 5.80 +0.01 -0.17 +0.76 Seyer L-Sk 08/04 9.500 AAA 118.8063 5.26 -0.05 -0.43 +0.23 Senc One 08/02 7.25 A 104.3778 5.77 +0.02 -0.17 +5.77 Thronto 6/10 08/04 5.600 644 118.7174 6.36 -0.66 -0.40 40.21
Decemberit 11/00 8.690 108.7399 3.23 +0.01 -0.01 -0.27 -1.17 11/09 8.000 114.5600 4.280.09 -0.27 -0.80	93 - 2,73 2,84 - 0,02 6,14 94 - 1,79 1,99 - 0,09 0,28 95 - 0,99 1,25 - 0,25 0,54	CNA Fin U1/16 5.95 A- 94.9425 7.45 -0.01 -0.22 11.94 Bed Carceles 07/99 10.825 A+ 101.2782 5.15 -0.06 -0.50 +1.28 December U1/14 09(12 5.875 AA+ 101.2782 5.15 -0.06 -0.37 +0.42
Plateral 08-00 Anno 191 2000 2.87 +0.01 -5.06 -0.19 -0.87	96 - 0.37 0.55 - 0.56 0.97 Lt. total	WARK Tech 04/99 8.25 888+ 100,0000 5.39 -0.14 -0.33 +0.91
Transc 07/00 4.000 101.4000 2.80 +0.01 -0.02 -0.23 -1.26	Germany	Deyton Hud. 16/21 9.70 A- 132.1875 6.85 -0.01 -0.06 +1.34 Dressbyr Bk 12/07 7.750 AA- 111,5380 6.96 +0.06 -0.20 +1.37 British 985 03/00 7.625 A+ 101,5800 6.65 +0.01 -0.07 +8.66
9406 7.290 122.700 8.86 +0.01 -0.08 -0.25 -1.06 9409 4.000 88.2200 4.02 +0.01 -0.08 -0.21 -0.87 9429 8.800 198.800 4.22 +0.01 -0.09 -0.20 -0.47	IN NOTICEMAL BURIO BURIO PUTORES BURIZO, C100,000 100ths of 100% Open Sett price Change High Love Sst, vol. Open int.	REASERCHES Abbey Net FFR 02/02 5.587 AA 100,0000 4.89 +0.06 +0.36 +0.18 FILMC 04/07 7.14 N/A 100,8222 5.77
Germany 0501 Blury HALTHOU 2.89 +0.03 -0.03 -0.17 -1.09 07405 6.000 113.6200 3.670.10 -0.26 -1.42	Jun 115.10 115.95 +0.92 116.08 114.67 702,606 550,739 Sep 115.19 116.79 +0.58 115.80 114.90 7.923 13,295	FRIMA 02/16 8.95 N/A 122/2530 8.05
01/08 1/780 98.7800 8.900.11 -0.21 -0.98 07/28 4.780 98.7800 4.87 +0.01 -0.12 -0.23 -0.92	S NOTTONAL BURGO BURBO (SOBIL) PRITURIES (EURES) (100,000 100ths of 100%. Clean: Sert price Cremos High Low But, vol. Open tel.	Hydro-Quinbec 05/01 6.780 h/m 108.7184 2.450.15 +1.88 # #86H YELD 6m Sect. 08/01 1.880 n/m 98.7219 1.430.11 +0.01
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05 01/01 4.500 98.2478 4.94 −0.05 −0.10 −0.10 −0.50 02/04 4.750 98/0752 6.01 −0.02 −0.14 −0.11 −0.65 11/08 4.750 97.2948 6.11 −0.02 −0.18 −0.07 −0.05	Open Close Change High Low Est. voi Open int.	5 per 4.68 4.81 6.03 kmad † 4.65 4.65 Up to 5 yes 3.00 3.23 2.98 3.56 2.19 3.23 2.17 2.76
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Euro gyrates after ECB slashes rates

MARKETS REPORT

By Alan Benttle

RS

The euro swung wildly in the aftermath of the European Central Bank's unexpected decision to cut 50 basis points off euro-zone repo rates yesterday.

The cut, which took place after the end of the London trading session, caused the euro to rise by half a cent before plunging down below the \$1.08 level. Earlier it had

immediate moves. "It looks move up some momentum. as if US traders were just testing out the levels," one

Earlier in the day, sterling firmed after the Bank of England also cut interest rates, in this case as the market expected.

Once again the pro-growth effects of a reduction in weigh lower yield in the minds of the currency markets, driving the pound

Having started the London trading session around the \$1.60 level, the pound rose over a cent to close at \$1.611. Against the euro it also closed higher, at £0.673.

The Bank of England's 25 basis point cut was no great surprise to traders, who had priced such a move into the money markets. Trading in finished London trading at sterling after the announcement was therefore some-Analysis said that with what muted, with a few markets so thin, little could smallish stops triggered what muted, with a few be inferred from the euro's around \$1.6070 giving the

> The Bank of England made no statement along

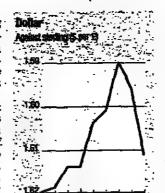
PC	N MI CONUT	EW YORK
100	Latens	- Prev. close
£ spot	1.8070	1.5955
T mile	1.6065	1.5850
3 mth	1.6090	1.5944
1 16	1.6087	1.5982

late that there had been a split vote. The lack of explanation also left open the question of whether this was

the last cut for some time. reducing rather than increasing the likelihood of more cuts in the next two years. Prices fell by up to 11 basis points across the strip, with particularly pronounced falls around the

"The high probability of a split means that this may well have been the bottom of the interest rate cycle," said Peter Osler, head of research at GNI in London. "At the very least it is a slowdown in the easing process, and there are not many in the market who now expect rates to go below 5 per cent,"

Mr Osler said that while the market had discounted the move, there was some



tary policy committee's

"With oil prices higher than the last time they met and sterling at exactly the same level on a tradeweighted basis, it is hard to justify the move on economic grounds," he said. The recovery in sterling disappointed those who

thought that the break down

below \$1.60 earlier this week presaged an escape from the \$1.60-\$1.70 range in Which the pound has traded for est all of the past two

"When cable broke down towards \$1.58, cable option volatilities at the short end rose above euro-sterling volatilities," said Paul Meggyesi, currency strategist at Deutsche Bank in London.

"There was some interest in this, with some in the market believing that the long-awaited decoupling of sterling from the dollar had arrived," he added. But the recovery above \$1.60 saw short-term sterling-dollar volatilities drop back down,

M OTHER CURRENCIES

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below \$1.59 earlier in the week now appeared to be the result of a large sale of sterling going through rather than a change in market sen-

Traders spent the rest of the day waiting to see if the European Central Bank would follow the MPC's lead and cut interest rates for the enro-zone.

But unlike sterling, which has repeatedly weakened euro firmed against the dollar in the run up to the ECB's decision yesterday before falling in its immediate aftermath.

This seemed to give cre dence to those who argued that a cut in euro-zone interest rates would not recessorily induce the "sell on the rumour, buy on the fact" currency boosts which other recent cuts have produced.

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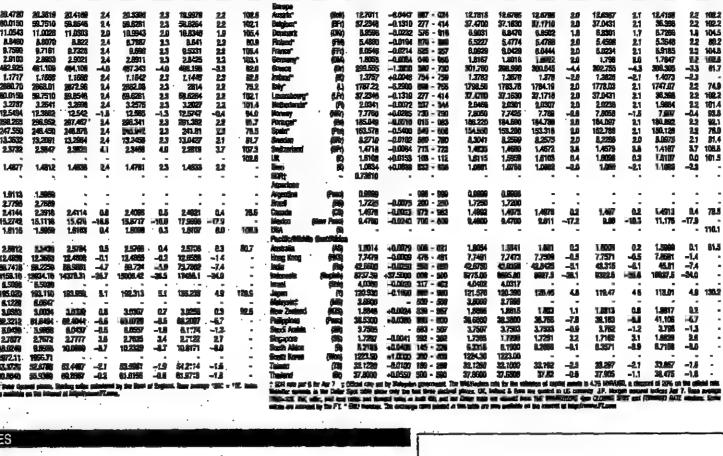
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PULP PICK-UP IN ASIAN DEMAND DRIVES PRICE RISE

Södra to lift benchmark by \$20

by Methodes S in Stockholm

Södra, the world's largest producer of long-fibre market pulp, said it would raise the price of its benchmark pulp to at least \$500 a tonne on May 1 from \$480, the second rise this year.

Other leading Nordic pulp producers are also considering increasing their prices with a pick-up in demand in Asia seen as the main factor driving the upturn.

The price of the benchmark Northern Softwood \$20 rise but we are talking to ries," he said.

\$480 in March after having languished at a four-year low since last October. Sodra's move appears to

confirm that paper producers are now prepared to accept higher prices following the failure of pulp producers to push through rises last autumn. Helge Eklund, Södra chief

would be asking. "I feel the market is some-

executive, said \$500 was the

minimum the company

moment," Mr Eklund said. He sald March's increase had met little resistance and that demand was good as the pulp inventories of paper producers were drying up and demand in Asia was picking up.

"Japan is awaking and in the rest of Asia demand is up," Mr Eklund said.
"People are buying for

consumption now, particularly in the Asian market where they have not bad the what stronger than just a money to build up invento-

Gocon merket balance . (000 tomes)

its price to \$480 in March. said the company was also considering raising prices to a price in the \$510 to \$525

However, he said he would wait until the publication next week of North American and Scandinavian (Norscan) pulp producer inventories which are expected to show a decline of around 150,000 tonnes from the month before.

if a fall of around this

The International Pepper

Exchange, founded a year

and a half ago in the

southern Indian state of

Kerala, will introduce

dollar-denominated futures

trading in another four

This will breathe life into

the exchange where the volume of trading has

remained disappointingly

low. The domestic pepper

exchange is, however, doing

"The initiative is in

response to several

representations by foreign

trading houses that they do

not want to trade in the

local currency denominated

months.

above \$500 a tonne.

ing manager of Rottneros, a Jansson said he was con-medium-sized Swedish pulp vinced that further price producer which also raised rises would be pushed through. "I would think we will see

Finnish-Swedish forestry group Stora Enso also said it was considering a price rise. At its beight in November 1995, the list price of NSBK was more than \$1,000 a tonne. Rises in the price of pulp traditionally have a knock-on effect on prices throughout the industry.

Mariwala, president of Indian Pepper and Spice

Trade Association, which

sponsored the exchange.

foreign traders will be asked what other reforms besides

dollar-denominated trading

they want for participation

A common complaint from

foreigners is that the

exchange has yet to put in

place "an effective guarantee

system for the contracts"

They want the daily trading

limit of a trader to be raised "substantially" from the

They are also disappointed

that the exchange is yet to

introduce screen-based

trading and there are no

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Netherlands - have done

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But they are all operating

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COPPE (ICO) (US CHE/pound)

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III COTTÓN NYCE (50.0000s; centa/lbs)

trading in Kuala Lumpur.

present 200 tonnes.

in trading.

range," he said.

Cocoa **futures** in sharp decline

MARKETS REPORT By Paul Solman, Robert Corzine and Gillian O'Connor

Cocoa futures prices fell almost 5 per cent in London yesterday to their lowest for six years.

The most actively traded May contract on the London International Financial Futures and Options Exchange closed at £770 a tonne against Wednesday's finish of £805.

The market has been heading downwards since the middle of last year on signs chocolate manufacturers - the main consumers - have adequate supplies and are employing a "just-in-time" buying

Oil markets yesterday paused to assess whether the recent rally had run out of steam or whether there was merely a temporary lull in the upward trend.

The bellwether May Brent futures contract was quoted at \$14.44 a barrel in late trading on London's International Petroleum

Exchange. This was 9 cents up on Wednesday, when bearish inventory figures from the US caused May Brent to plunge 60 cents on the

Traders are closely watching the level of US stocks in the run-up to the "driving sesson", the period of heaviest gasoline demand. Aluminium was the only base metal that actually fell yesterday, but trading was

the London Metal Exchange. Precious metals traders watching relationship between the platinum and palladium

in March pailadium gradually caught up with platinum, and for the past week its price has been consistently the higher.

NEWS DIGEST

ALUMINIUM

Nymex to delay launch of new futures contract

The New York Mercantile Exchange, the Manhattan-ba futures market, said yesterday it was delaying the launch of its new aluminium futures contract. Trading had been due to start next week, but will start on May 14. The exchange said the delay would provide extra time for deliverable metal to be in place at exchange approved warehouses, and for traders to become more familiar with the new specialist marketmaker programme - which was see AIG International essentially support liquidity in the

contract during its early phase. Nymex is hoping that the contract will be used as a marker for aluminium pricing in the Midwest, but the extent to which this will be supported by the industry which already has a London Metal Exchange contract... established for global pricing - remains unclear.

However, it faces strong competition from the London

Metal Exchange. The LME aluminium contract, launched in 1978, is widely seen as the global benchmark for aluminlum futures, and most aluminium contracts worldwide are based in some way on the LME prices.

An attempt by the The New York Commodity Exchange to introduce a rival contract in 1983 failed after volumes and open interest dwindled to nothing. Nikki Tait, Chicago

PETROL

Rise in price seen in US

The US Department of Energy yesterday predicted further increases in domestic retail petrol prices in light of cuts in world oil production announced by the Organisation of Petroleum Exporting Countries last month. Petrol prices, which have risen sharply since February, are expected to average \$1.13 a US gallon this summer - up 9 to 10 cans

The annual Short-term Energy Outlook, published by the Energy Information Administration, said crude oil prices as expected to rise through 2000.

The world crude oil price - the average cost to US refp: era of imported oil - is expected to be about \$15-\$16 a. berral by December. This translates to about \$18 a barral for West Texas Intermediate.

The EIA said world prices are expected to near \$17.a. barrel by the end of next year. "This assumes that the --recently announced oil production cuts by OPEC (and others) actually do have [a] significant impact and that of demand growth outside of the major industrialised countries begins to show some strength after this year," it

The report also predicted that in 2000, the country's oil. import dependence would climb to 54 per cent of total consumption - compared with 52 per cent in 1998 assuming domestic production continues to fall and economic growth remains modest. Gautam Malkani, Washington

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Comments and press releases about commodities and agriculture coverage can be sent by e-mail to international.companies@ft.com

EIU report expects soft | Move to boost markets to remain weak pepper exchange

By Paul Solman

Low prices of oilseeds, coffee and cocoa will help keep soft commodity markets weak this year, according to the Economist Intelligence Unit. Import demand remains poor, while larger harvests and the devaluation of the Brazilian Real are encouraging exports and forcing prices downwards, the EIU says in its latest "Food, Feedstuffs and Beverages

report, released today. "So far in 1999, prices for soft commodities have fallen sharply, with beverages, oilseeds and sugar prices about 20 per cent lower than they were a year earlier," the EIU

Edible oils are likely to be in surplus by about 672,000 tonnes in the current 1998/99

"We expect the average spot price of soybean oil in cially in the arabica market. the first quarter of 1999 to be some 22 per cent lower than in the same quarter of 1996." The coffee market is suffering from stagnant piled beans to ease the demand, with a small increase in US consumption being offset by falls in Asia and Russia. The low prices reached in recent months

COMMODITIES PRICES

LONDON METAL EXCHANGE

IN ALLEGACION 2027 FUNCTY & per from

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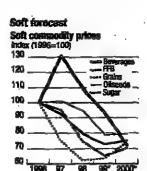
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THE THE AS DES CONTIN

High/low AM Official

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growth will keep a lid on consumption, the EIU says. Exportable production is forecast to reach a new high of 81m 60kg bags in the current season, and 80m bags in

1999-2000. As a result, the EIU expects prices to fall, espe-"The downward pressure will be greater still if the Brazilian government releases even more stockdomestic market tightness. or if growers are tempted by currency devaluations to

step up sales."

will stimulate demand, but to have confounded market the slow global economic forces in recent months,

Unfortunately for prices, the supply outlook is post-

Precious Motals continued

E SOLD COMEX (LOG Troy of Honey or.)

2000/01 196/99 99/00

with prices heading lower in spite of indications of a global deficit. Demand is likely to remain flat this season, affected by falls in chocolate consumption in the former Soviet Union and Asia, the EIU says.

tonnes this season.

The cocca market appears

tive. Total output in the Ivory Coast, the largest producer, could come close to the 1995-1996 record of 1.2m

The KIU expects cocos to return to a surplus of 36,000 tonnes next season, against 1998-1999's deficit of 65,000

GRAINS AND OIL SEEDS

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477.25 -2.75 481.50 476 25 23.977 53.666
485.00 -2.75 481.00 485.00 1065 14.654
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contracts because of the Trade officials say IPSTA foreign exchange risk," said has not done enough to an exchange official. market the exchange among the foreigners". generally lacklustre across As a result, the Indian federal government asked Until now only three the exchange last December foreign trading houses to introduce futures trading Mcormick of the US, Burn in pepper in dollars. Pepper Philps of Australia and is the only commodity where Man Producten of the

SOFTS

IN COOCIA LINTE ITAL LONGER EVEN

has been allowed in spite of the fact that the Indian currency is not as yet fully convertible. According to Sanjay

3,052 584 113

dollar-denominated trading

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LONDON SPOT MARKETS

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Silver (per tray ox) ?
Platinum (per tray ox.)
Patadium (per tray ox.) \$279.95 497.75 \$357.25 \$363.00 70.0c Copper Lead (US prod.)

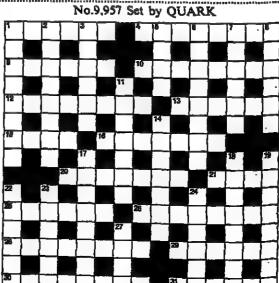
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Cotton Cuttook, V. tenter. Mongolos (648 Suber)

JOTTER PAD

For solutions to today's crossword call 0906 843 0060.

CROSSWORD



1 Mischievous child is an old city feature (6)

4 Flier misplaced mitt by 10 Studies a rule mainly 11 Mean and unfair but true

revised according to state official(8) 12 A northern church in a hilly environment unlikely 13 Reveal politician in one

16 Notice some lines opposite ware acting as interface (7)
21 Computer input partly prepared at American university (4)
25 Exclude the member in the

city without hesitation (6)
26 A study of individuals as
we move around in the county (8) 28 Holder of scraps for a boxer, possibly (5.3)
29 Unfortunately left gap in

5 Press club (4) Motorway crush involving 9 Characters written - for a 8 Could be seen at rear in list? (6)

> facts (3-4) 14 Regular officer (7)
> 17 Try and pitch to get spin a work of art (8) 18 I'm calm being served with old English sort of tea (8) 19 An unenlightened period

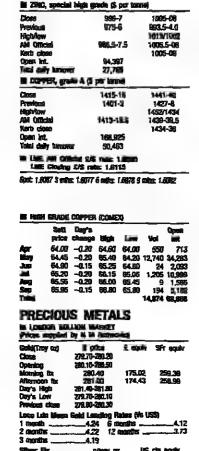
22 Rarely seen in counsel: 20 One reads casually of soft-ware acting as interface (2)

domineering attitude (6)

23 Black moth often seen in old clothes (6) 24 Get to work once more - or

retire (6)
27 Suffering country losing leader (4)





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fence (6) 30, 31 The boot for the infantry? (8,6) DOWN

1 A European group of horses lacking in balance Drops the end (8)

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FINANCIAL TIMES FRIDAY APRIL 9 1999 * Offshore Funds FT MANAGED FUNDS SERVICE **OFFSHORE** AND OVERSEAS IRELAND (RÉGULATED)("") **3ERMUDA** GUERNSEY · **3ERMUDA** CANCER HITS 1 IN 3. **GIVE YOUR WORKFORGE A CHANGE** TO FIGHT BACK. d and return it to: Corporate Development Manager, Macmillan Cancer Relief, 3 Angel Walk, London W6 9HX. Macmillan C CAYMAN ISLANDS

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FINANCIAL TIMES FRIDAY APRIL 9 1999 *

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

THE NUMBER OF PEOPLE OVER 60

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LONDON SHARE SERVICE Busy trading? DEVENAGES Our Frequent Traders Club is perfect for the active investor. To find out more, call us on 0870 601 8888, and quote ref no FT 499. ELECTRICAT CONSTRUCTION & SUBLIFIES MATERIALS

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44 27 4 (5) Service Date 1 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | Tell |

Dealers said the 25 basis point cut, the sixth reduc- that the institutions were tion since October last year not sellers. "The leaders are and which took UK rates lowest since February 1994, days," he said.

had already been factored in to the market.

"Despite the jitters prompted by Wednesday's stronger-than-expected services survey and industrial production number, the market was still going for a cut,"

He added that the downside pressure in London was pointed to the robust performances of the second and third-tier stocks as evidence off because they ve gone up in a straight line for eight

touched a session high of 6.489.7, up 16.5, just before the mpc announcement. At are likely to go a little lower its lowest, the index posted a over the next month or two 68.0 decline. Over eight sessions, the index had risen

Rate cut fails to entice buyers back to market

The FTSE 250, always in positive territory, finished touched 5,516.5. Similarly the FTSE SmallCap never threatened and settled 9.6 higher at 2,420.7.

456.5 or 7.6 per cent.

Richard Jeffrey, group economist at CCF Charterhouse, said: "The rate cut is unwarranted and potentially

While HSBC's economic and strategy team said: "Rates over the next month or two finish 121 points higher. before stabilising at 5 per cent as the economy shows signs of recovering.

An uncertain opening by Wall Street provided no sup-15.5 up at 5,514.0, having port for London, which posted its session low minutes after the US market Brown said: "We do not sicked off Earlier, the market had to

endure a morning session of mostly minor moves as the etary policy as economic mpc news was awaited. Dealers completely Firmer oil prices, plus the

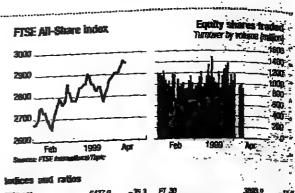
The FTSE 100 closed down dangerous in the light of ignored Wall Street's power-35.3 at 6,437.9, having recent economic numbers." ful showing overnight. Industrial Average race back through the 10,000 level and The mpc cut provided a Wall Street's performance also triggered sympathetic

and substantial gains across Asian markets. Commenting on Footsie's the strategy team at BT Alex and housebuilders. expect a convincing break into new high territory given the threat of tighter US mongrowth remains robust.

cause for concern. We suspect that the PTSE 100 is now towards the top of the likely trading range for the rest of the quarter.

good excuse for dealers to promote the rate-sensitive sectors of the market. namely the banks and insurrecent move to record levels. ances, retailers, properties

There was some disappointment at the rather sluggish level of business yesterday. At 6pm turnover had reached 920m shares compared with Wednesday's 1bn and Tuesday's 980m.



FTSE 350 FTSE AU-Share FTSE AU-Share yield	3051 .7 2951 .84 2,28	-130 -11,42 2 <i>2</i> 7	F1 10 10
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Transport of the Company			3
Name		الشاهسي	_
6 Bectronic & Blac		+1.8	4



Digital picture sparkles

COMPANIES REPORT By Joel Kibazo and Martin Brice

Broadcasters Carlton Communications and Gran-ada sparkled as their jointly owned On Digital television shares sharply ahead. They data at a London presenta-

On Digital said it had signed up 110.000 subscribers since its launch in November, well ahead of the most pessimistic analysts' estimates of between 60,000 and 80,000. The company also 100,000 integrated television sets with built-in On Digital

TV decoders would go on one in the base in sale in June.

Dealers cheered by the news helped Cariton bounce from Wednesday's retreat to close 301/2 up at 6341/ap, while Granada, a solid performer in the previous session, put on another 44 to £13.50.

"Everyone came away feeling warm and nice about On Digital," said one analyst after the presentation.

However, a more cautious view of the prospects for On Digital had emerged by the session close. A sector specialist said: "Once we are past the initial stage the climate will be much tougher for On Digital. Satellite and

functionality or both at comparable prices. So why sign apart from merger." un to On Digital?"

also boosted by positive comshares in the hotels and TV company for tax purposes.

press reports suggesting sion. Reed International is still in

cable offer more content or ment fiasco, it is difficult to see a way forward for Reed

It was a mixed picture Sentiment in Granada was among food retailers following the Office of Fair Tradment from analysts meeting lng's confirmation that it the company. Gerry Robin- was to refer the industry to son, Granada chairman, this competition authorities, Conweek sold 64 per cent of his cerns over exploitative practices and lack of competition are among the issues to be Among publishing stocks, investigated by the commis

With the supermarkets merger talks with Wolters having received notice of the Kluwer helped drive the move two weeks ago, the news was no surprise to the company disclosed better- closed up 25 at 578p, with market. Analysts admitted than-expected subscriber one UK analyst saying: that the investigation would "With the current manage- cast a shadow over the sec-

FE-305 H	VDEX.			17.5				
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%€ radio rei	23.80	23.86	23.67	23.33	23.28	24.77	25,19	Milita
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Shares traded (mi)	-	1943.	1102.1	925.2	8,10101	
Total market bargitines		Dik	110,790	103.470	95.842	

431.2 LIPPE Equity options Total contracts Calls Puls Total Rices Total Falls



many said they did not expect a damning outcome. Among individual stocks, Asda Group hardened 13 to 149p after it reiterated it had "nothing to fear" from the

OFT's referral. Strong two-way business In J. Sainsbury brought turnover of 20m as the shares edged % forward to 384 p. But the sellers had the upper hand in Tesco and the shares declined 34 to 158¼p, with 21m having been dealt by the close.

Cadbury Schweppes improved 23 to 8971/sp amid hopes that the group would overcome regulatory hurdles in Australia in selling softdrinks brands to Coca-Cola. Sentiment was further enhanced by ABN-Amro relterating its "buy" stance on the stock. Drug stocks, which have

sure as profit-takers moved in. Glaxo Wellcome dropped 88 to £20.97 and SmithKline Beecham 21 to 89p. Building-related stocks

recently, came under pres-

were a feature of the best FTSE 250 performers, with Tarmac up 61/2 at 1091/4p. Bar-

tor in the short term, but rati up 9 at 311/ap and Bellway gaining 10 to 347%p. In the Footsie, Hanson rose 17% to 5531/sp. leaving it just 50p

below its 52-week high.

The moves were made in the wake of a bullish note on the sector. "The Hard Landing that Never Happened". from David Taylor at Teather & Greenwood. He highlighted the potential for materials stocks, stemming from assertive institutions, corporate action and management buy-outs.

Banks fall away

Bank shares, strongly supported recently by the prospects of a soft landing for the domestic economy, made progress in the early part of the session, but fell away towards the close as profit-

takers moved in. There was a handful of been aggressively bought good performers as the curtain fell on the trading day, however. Abbey National, still being driven ahead by a couple of brokers, ran up 18 to £13.53, while Woolwich nudged up 2% to 398p.

Bank of Scotland was another big winner, climbing 14% to 903p on exceptionally heavy turnover of 11m. A clutch of broker recommendations helped make

Great Universal Stores the Yorklyde, the 100. The shares, advancing strongly for a second ses-

ing the stock included M rill Lynch, which reitera its positive stance, wh Warburg Dillon Read v said to have urged investo to buy the shares. However dealers said that Credit S sse First Boston remain cautious.

Buyers were also seen retailer W.H. Smith. T shares rose 75 or 10.6 former in the FTSE 250.

cent to 782%p, the best t BICC saw brisk trade 5.7m, with Prudential said be a buyer of 2m shares 103p and other institution

investors buying at 106p. BICC closed at 10 remaining stubbornly belo the 110p at which Wassi had set its proposal. Wassall was static at 220p.

The prospect of a bid for computer group Ilion was raised by an announcement recovery among building after the market had closed. Wayne Channon, former chief executive who resigned in December after a profits warning, had joined Paul Kuiken, chief executive of Ilion's European rival Landis. in acquiring 11.8 per cent of llion. The group, which reached 408p in 1997.

was off a penny at 831/4p. Any bid would need the agreement of the two leading shareholders: Amvescap with 10.8 per cent and National Westminster with 10 per cent.

Proudfoot, the consultancy services group, was off 114 at 21p after a 13 per cent rise in pre-tax profits to 26.2m. The stock, which is seen by traders as a recovery play, stands on a prospective price/earnings ratio of 5.

Traders suggested that investors had taken fright at the company's statement that first-half earning would be lower because of investment plans.

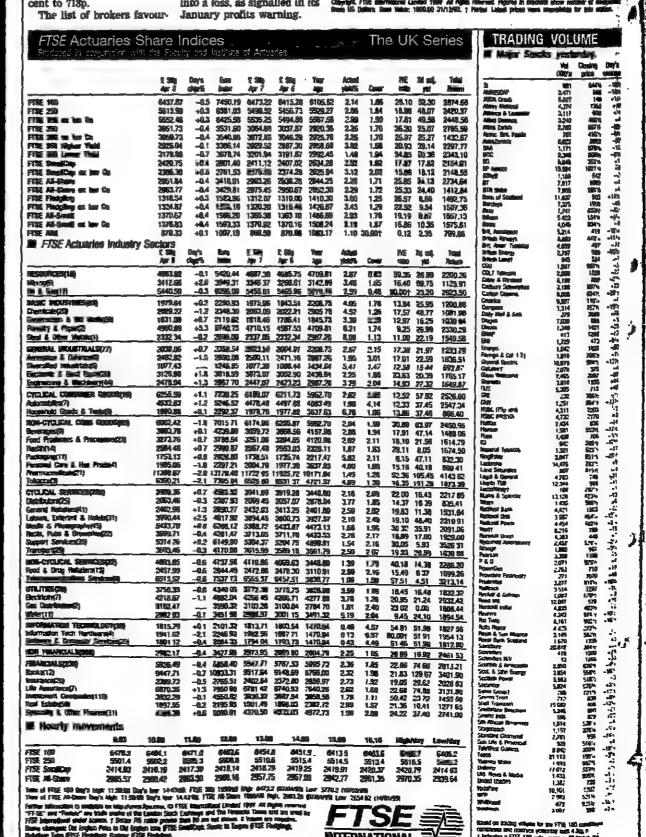
group, was easier at 57%p difficult year after falling

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(47) (12/2) 8/10/98) 8/7/3	3 NASDAO 1279.397 1120.17 983.25		ك يو	traded price change	policy change chige % Ups	Thursday Stocks Close Day's traded price change Usino: 3,862,493 13,51 +0,56	price change then %
American and Power	Wednesday Sixtis Clear Cay's	Wednesday Close Day's Day's	closed	Timbs 19,797,000 976 +30 Sunsid 17,016,000 168 +13 KoteSt 18,535,000 107 +6	TsChildn 388 +63 +19.4 lightlige 91 +14 +19.2 YoshPt 1340 +200 +17.5 Dalligo 238 +43 +16.9	Fr7tio 1,943,348 82.15 +1.8 RMP 1,107,130 72.8 -3.0	Library 102 +4.9 +5.0 STARco 102 +4.9 +5.0 Listor 12.51 +0.56 +4.3 Carta 77.3 +3.15 +4.2
7/10 1597.20 1597.46 1593.19 1597.20 1481.72 1597.26 3	2) AssOnline 32,502,800 1564 -114	price change chige % - Ups	. de	MKK 15,889,000 85 +3 Felik 15,369,600 798 -2 Selus 13,772,000 400 +3	Donnes Artm 08 2270 ~130 ~5.4	Person 1,023,633 99.55 -2.95 Logari 1,019.210 29.99 -0.21 RhosPA 1,012,774 41.4 +0.3 Ava 796,001 129.3 -0.5	Downs Seb SA 61.8 -4.2 -4.4
144.87 141.46 142.52 145.47 123.72 147.89 7.1	7 Compan 14,971,200 304 -4 3 Charp 12,555,200 712 +42	Adra Srp 124 +22 +27.8 Parets 2874 +476 +20.4 Redon A 2374 +374 +18.1 Gastro 564 +574 +11.4	21 1 2 3 6 7 Apr 1999	National 12,387,000 120 +13 North 11,257,000 313 +29 JSC 9,588,000 318 +20	Togasi 178 -8 -4.3 Renove 103 -4 -9.7	SHAge 790,307 124 -3,3 Alcial 739,388 110,1 -0,3 Suerty 657,580 174 -4	StreGen 166.9 -9.3 -5.3 gae 72.6 -3.9 -5.1 Synthi 200 -9.5 -4.6
(15/9 992) (14/7/90) (4/9/7/ 1855 Cours. 516.23 512.32 514.53 517.61 575.52 517.61 4.6	Dieney 12.014,700 33 +244 AT&T 9.556,800 848 +45	Directs	FTSE Eurotop 300	GERMANY		UK	
(18/3) (9/2) (18/3/99) (25/4/4 (18/3/99) (7/1/30 7/15/21 7/21/24 7/21/25 883/81 7/53/87 53/4/2	9 FBM 5,820,500 186% +23	Complet 16 -3½ -17.2 Stantizam 2716 -396 -12.5 CNE 15½ -1½ -8.5 Outomod Hzs 129 -1½ -8.5	1290	Apr Apr A	pr 1999 Since complision 5 Righ Low High Low	Agr	pr 1995 Since compilation 5 High Low High Low
MSDNO Camp. 2544.43 2563.17 2560.06 2563.17 2208.05 2563.17 54.6 (6/4) (4/1) (8/4.59 271.05	7 M. KASDAD TRADENS ACTIVITY	Volume :1,279,397,800	1220	DAX 5068,75 5052,27 4965,2 Day's bigs: 5069.58. Day's lost: 5002.45. III FRANKFURT TRADRIC ACTIVITY		FTSE 100 6437.9 6473.2 6415. Day's high. 6499.7 Day's low 6405.2. III. LONDON TRADDIE ACTIVETY	.3 6473.20 5770.20 6473.2 986.9 Vultum : 931,280,006
Tested 2000 387.77 401.08 402.29 433.13 363.37 401.41 123.5 (11/1) 23/3 (21/4/68) (7/12/6	8 ACINE SIVUS	Wednesday Close Day's Day's price change change the %	1270	ACTIVE STOCKS	WHOMAS : (14)	# ACTIVE STOCKS	M SIGNEST MOVERS
14.74 	Modules 54,307,100 16 -5g DelCorp 50,426,200 464 -36	Upo Spryglass 13% +4% +53.5 TV Slide 45 +6% +17.6	1280dosed	Thursday Standar Class Day's traded price change Dt Bk 853,065 48-3 -0,65	Thursday Close Day's Day's price change stage %. Upo	Thursday Stocks Close Day's traded price change Teaco 21,848,820 1584 ~7%	Thusday Chee Day's Day's Select change chee % Ups
Mer 26 Mar 19 Mar 12 Year ago Dow Jones Ind. Div. Yield 1.81 1.50 1.60	MC796m 33,342,000 86 -34 Micsh 23,035,700 831%	Angliei 35 +4% +16.2 Cultime 54% +7 +14.9 Downs	1250	Countries 533,002 23.8 +0.25 Report 418,054 35.5 +0.5 Ref 411,075 35.3 +0.25 David 410,065 65.5 +1.5 Ref 101 373,471 40 -0.15 Second 315,723 63.3 +0.25 Dabbi 228,242 30.5 -0.5 Luffen 251,765 21,4 +0.28	Puma 18,3 +1.5 +10.5 SELCar 44.96 +2.75 +6.5 Parchip 90 +5 +5.9	Salastoury (J) 20,799,778 3849; +-14 BP Armoco 15,659,580 10211; +8 Shell T&T 14,987,780 406; -10%	Capaterion 23 +6 +36.3 Servomes 149 +311+ +26.8 Barn Sassert 15 +216 +20
Apr 7 Mar 31 Mar 24 Year ago	3030 17,841,300 20% -18 Yubos 17,841,100 20% -6%	Number 16 -52 -27.1 Negatit 27% -52 -24.5 Number 25% -6% -18.9	1240	Dunicia 410,645 85.5 +1,8 Dt Tel 573,471 40 -0.15 Secret 315,799 65.3 +0.25 Debbi 288,242 30.5 -0.5	Strate 223 +72 +5.7 Dennes Dryack 12 -0.9 -7.8 Hall Dri. 49 -3 -5.8	Lagarnia: 14,475,940 283% +8 MexicaSpacz 13,037,720 423% -13 Libyda TSB 12,305,470 968 -11	Sec Interheut 114 +1835 +19.4 Davies Gastic Res 115 -4 -14.3
3 & P Ind. P/E ratio 41.63 40.39 39.72 30.27	Cookings 16,825,400 11816 + 41% Surblec 16,778,800 138141%	Nu6calita 57in -129n -17.6	31 1 2 5 6 7 Apr 1999	De Tel 373,471 40 -0.15 Seemes 315,793 69.3 40.25 Debid 288,242 30.5 -0.5 Lettes 237,768 21,4 40,28 Files 275,159 43.5 44.4	Hanney 18,11 -0.79 -4.7 Brands 64 -28 -4.2	Nacionat 12,172,800 % Reed Int 12,045,790 578 +25 Burlord 17,994,820 177 +1	Parameterii 14 -2 -12.5 Ullisqu 1 -14 -11.1 Omnonde 61 -2 -10.5
INDEX FUTURES				Low Est Vol. Doop int.			
g SEP 500 Upon Label Change High las 1308.50 1336.00 +2.60 1340.60	Low Est, vol. Open int. 1322.00 92.865 369.153	E CAC-40 (200 x Index)	Price Change High	Low Est. Vol. ' Open int. 4297.5 53,041 107,260	MI CHECK	Price Change High 35.00 -2.00 772.00	Low Est. vol. Open lot. 763.00 12,167 111,955
Sep 1353.00 1345.50 -0.80 1363.50 si Mindaul 225 Open Seit price Change High	1322.00 92,865 369,153 1335.00 97 4,980 Low Est. vol. Open int.		27,0 +22,0 4331.5	4331.5 10 486		2.50 - 767.75	761.75 212 3,317
Jap 16560.0 18780.0 +280.0 16870.0 Sap 16500.0 16810.0 +310.0 18810.0 Jan Interest Spress for proteons day.	16460.0 42.424 215,725 16500.0 859 4,997	Jun 5067.0 5 Sep 5113.5 5	85.0 +60.0 5095.0 19.0 +49.0 5116.0	5007.0 45,298 300,610 5082.0 73 1,134	Just 7180.0 77 Sep 7226.0 77	280.0 +116.0 7285.0 286.0 +78.0 7257.0	7177.0 19,325 104,156 7226.0 74 3,620
WORLD MARKETS AT A GLANCE							
2000kg looker, Apr Apr Apr 1999 8 7 6 High	1989 - ¶ 1846 - ₹ PÆ Low	Country locker. Apr 6	Apr Apr 1999 7 6 High	1998 - Yest - PAE Lower	Country Index Apr 6	Apr Apr 1989 7 6 High	1990 중 Vento 축 PFE Low
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Maring 556.5 558.3 568.0 813.50 12/1	2004.00 14/1 2.97 23.3 558.58 84	Ended lower on publical morries securiocal. Technology Javanta Comp. 400.00	395.91 395.51 457.94 7/1	372.31 163 3.15 17.5	Remote KTS 70.89	7296 7551 9022 1773	54.48 38/1 ha na
times Corp Milet in further 5.3 per cent, extending its gales to 24,7 per cent since Miletalin ATX Indias. 1200.84 1203.51 1207.12 1212.25 16/3 Solled Mile phosphal, with building Miletaling and part cent.	1011.25 22/1 1.95 13	Teleum and Interno Herbes Andrey Geran And Instant SSD Overal 5378.29	STEP 53824 548042 225		Hower lower in this tracing volumes. Stogle Times 1841.61	434.73 428.95 438.46 84 1622.32 1896.15 1841.61 84	351-65 10/2 1.58 2AA 1286-56 10/2
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TSE 1004 422.95 475.36 473.85 421.37 8/1 Miletin Miletin 3752.77 3770.86 373.291 3719.97 11/1 TSE300Concel 6865.30 6796.70 5796.51 8882.90 8/1	276.39 3/3 1.62 19.4 2853.44 18/2 6180.30 3/3	Mittel General 22297.h Count below the best levels of the day or bea James 1884-0. 225. 1934-0.00	201759 25111.0 2529.00 BM prof-biology 1625450 16478271 1694848 844	22398.00 9/2 12232.74 5/1 0.8 63	.SE End to .SE Incl. 7403.8 Edged lower with weak Broschild dictory alloc	ių in 131iLEB 15/3 7444,5 7466,8 7711,00 19/3 Ros.	807.50 26/2 8891.50 47
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Sects Republic?Y, 50 408.5 402.6 400.4 413.60 6/1 Pole for eighth day with infersor SPT schemichig 2.4 per cent.	333.46 1/3 na eq.	Edged America and Acades, Management CISA 781.03	7054 7865 MAD 16	781,02 84 Nr mr	SR Georgi 4850.54 Seat ingher as Honordes pumped 3 per cont.	4590.35 4580.65 4781.92 6n	GS2.05, 102
Triumadt CopentagenSE 816.60 814.67 808.45 889.71 571 Robert Digitar on the back of continued decision for this crips.	58551 163 1.57 188	Milestanda (25 1974) 1302 (25 al Str 7385	19436 1331,5 1401,10 67 7469 7402 77546 67	1341.30 137 223 27.3 600.70 137	Smile-tim-opicial diction in March equits		504.79 52 1.4 22.1 ed 24 per cent 22 0.69 7.5
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HSCC Rev Chip MSC.54 \$43.46 (c) \$21.75 67 led higher by 158C — up 2.3 per cent — as market beyonder expended to HSSA-Rev Barrier Rev 5771.55 5076.40 5776.54 \$945.86 87	192 97 1930 42 14 14	Princed Wig 14785.5 Substitutes until Males (2000) gibbos. 45 in 1	14757 14575 1 4785 147 1	12504.39 151 1.79 13.4	NG Begs Emg 13213	13051 128:10 128.13 84	10842 (5) 3 13
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V.2	d igo (j. Tapada, Minigliga) Price 7682.20 👸 Hontead. 🗘 Talonio. i i Ban speciaal daring the stay (The Sparse in Benchale are provides :	to County in Communication & NEW (2015) with sent 5.5 steem too to the County in Communication & NEW (2015) with sent 5.5 steem too to the County in Communication & NEW (2015) with sent 5.5 steem too to	C.T. off. 1" "; Greeke, "Chemist & S.C. Sil. W E and an Interior Tay their sales. \$ Manage. Tu	alaining areas, ij merataan jami camara, feriatripi ana firana ni Chimalapi agunti	dermater é 1.5 til ear tres concern de 1 séan	· · · · · · · · · · · · · · · · · · · ·	(Spin) Burst El Cities and mouth only a higher at in land in parties , and higher part house mouthy near the
•			THE NASI	DAQ-AMEX	MARKET (GROUP	4 pm class April 8
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WORLD OVERVIEW

Share prices maintained yesterday, with central bank action offering the prospect of further gains, writes Philip Coggan

Wall Street had closed at yet another all-time high on Wednesday and some of its confidence was passed through to Tokyo, where the Nikkei 225 average gained 1.8 per cent to reach its highThe Hang Seng index in European strategist at Mer-Hong Kong continued its rill Lynch, said the size of the start but received supstrong run, gaining another In Europe, all eyes were on

the two central banks making interest rate decisions. The Bank of England duly obliged with a quarter of a percentage point cut in UK rates but the markets were closed by the time the European Central announced its surprise cut of half a percentage point to 2.5

per cent. Plum Shipton.

might well indicate that this is a one-off move and that further cuts in the short European stock markets

lagged the rest of the world in the first quarter of the year and the rate cut may help spur a catch-up in the continent's bourses. European government bond prices and the euro both rose

FRANKFURT on hold yester-

€1.54 at €84.99 and BMW

€14.20 to €825.75. Volks

wagen gained 29 cents to

681.54 on news of plans for a

Preussag was also a firm

on Wednesday amid talk of

imminent consolidation

within the retail sector, fell

back €5.48 to €341.50. Banks

were mixed, with Deutsche

Bank adding 58 cents at

ZURICH stayed positive,

adding 116.1 or 1.6 per cent

to 7,382.9 on the SMI index.

helped by firm bonds, a 3 per

cent bounce for drugs leader

Novertis and another active

UBS, a strong market on

Wednesday, gained a further

SFrs.50 at SFr488.50 and CS

Group added SFr7.50n at

SFr286. Among pharmaceuti-

cals, Novartis advanced

Among cyclicals, ABB rose

SFr59 to SFr2,084 and Sulzer

put on SFri5 at SFr970.

Smaller tech shares contin-

ued to power ahead. Diste-

SFr107.25 for a two-day gain

settled 12.68 or 0.3 per cent

higher to 4,830.70 after a neg-

ative spell when Wall Street

session for benks.

Roche, which

share buyback.

5.067.76.

port from in-line earnings figures from General Electric and better-than-expected figures from the internet group after the market closed on

Michael Farr, president of Farr, Miller & Washington, a Washington-based financial consulting group, said the US market was overvalued but "the trend towards over-

tion could be triggered, there needed to be an "absence of worry" on Wall Street that would indicate overconfidence had set in.

One of the few factors to concern investors in recent weeks has been the bounce in oil prices, which has raised question marks about the assumption that inflation would be low for the foreseeable future.

Elsewhere among interna-

65 cents to €62.15.

tional stocks, Unilever eased

Elsevier, down 4.1 per cent

in two sessions, rallied in

active trading on renewed

speculation that it may link

with rival media group Wol-

ters Kluwer. The stock rose

65 cents to €14.10 in trading

pessimism, losing 65 cents to €38.80 after Goldman Sachs

cut earnings estimates and

its target price for the tele-

coms leader as a result of

regulatory uncertainties.

KLM lost 75 cents at €25.20

and shipping group, fell

of a fall of between 10 and 20

per cent in earnings this

year. The shares ended off

63.10 or 10.3 per cent at

Van Ommeren, the storage

on dull traffic figures.

€28.90.

KPN ran up against broker

volume of 8.8m shares.

Wall Street was mixed at that which has been expen- "Commodities have risen 12 sive will become even more per cent this year, led by a expensive". Before a correc- 40 per cent surge in oil prices," said the strategy team at Goldman Sachs. "We expect further gains

in commodities going forward, although the rise will

But the Goldman Sachs team added that its forecast of moderate commodity price rises "is unlikely to pose an inflation threat in a

for the third day running.

adding 85.87 at 3,535.66 on

the general index for an

advance of almost 10 per

cent since the close on Mon-

day. The better tone

end to hostilities in Kosovo

plus recent positive inflation

March inflation slackened

to 3.4 per cent from 3.7 per cent in February and helped

dispel some of the doubts

surrounding Greece's entry

STOCKHOLM rose health-

ily throughout the day

before weakening on a late

bout of profit-taking. The

general index closed virtu-

company Ascom said it

would buy ABB's Power

Forestry companies SCA,

up SKr5 to SKr191.50, and

MoDo, SKr1.50 higher to

SKr187.50, rose on hopes of a

Shares in Skandia plunged

SKr11.50 or 6.9 per cent to

SKr154 after Morgan Stanley

the insurance company. The

Written and edited by Jeffrey

Supplies unit.

rise in pulp prices.

European bourses.

ally unchanged at 3.552.86.

to the European Union.

amed from hopes for an

omy was over the worst of lest year's crisis.

hail a recovery. Analysts' concerns were triggered by the unresolved controversy surrounding the private power generation companies. The government of Prime Minister Nawaz Sharif has spent much of its two years in office investigating alleged corruption in the sector, once seen as the most important example of

The power groups were accused of bribing officials in order to receive high tariffs for their electricity. Under pressure from foreign governments and multilater als such as the World Bank, wants to resolve the dispute amicably.

some government departments, especially the ABB rose SKr4.50 or 4.3 ehtesab, or accountability, per cent to SKr110 after group that spearheaded the Swiss telecommunications investigations, are refusing to accept a settlement unless the companies drastically revise the tariffs.

> the government and Karachi's Hub power company,

cut its recommendation for fall, which follows a 15.1 per cent rise last week, made it the sharpest decliner across Brown, Bertrand Senoit, Paul Gregen and Julian Summers

Power at hub of Karachi unease

than one per cent yesterday, the latest sign of investor anxiety in spite of government claims that the econ-

The KSE-100 index ended 13.51 lower at 1,084.99. Although this leaves the benchmark sitting on a gain of more than 8 per cent for this year so far, analysts warn it is still too early to

foreign investment in Pakistan in the 1990s.

However, analysts say

Yasin Lakhani, chairman the Karachi Stock Exchange, wants to see an immediate settlement on the dispute over tariffs between whose largest single share-holder is National Power.

This week a fresh drive at eeking a settlement was se in motion by Gauhar Ayub Khan, the minister of water and power. He told an energy conference that the government was giving "the highest priority" to settling

1600 New Serb are claimed

However, Mr Lakhani said: "Every time the minister says something, the chtesah group comes up with a counter-statement. The merit of the government's case is being undermined."

Analysts say the market is prome to sharp falls if there are indications that the dispute is about to intensify. However, they also point to the undemanding levels of many share prices

According to Aijaz Abbagi a stockbroker: "The moment that outstanding issues are resolved there will be aquick recovery. There is no reason why investors should not get good deals if they invest selectively." However, there is little

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11.8 -

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broad accord on when recovery could be achieved. Businesemen warn that many companies are likely to declare weak profits when they unveil half-yearly results in June.

Earnings are depressed because of losses carried over from last year when Pakistan faced western economic sanctions over nuclear tests. In the months following, Pakistan's industrial output fell sharply.

At the same time, restrictions on foreign exchange repatriation have led to a fall in imported raw materials, which in turn has ereated export weakness.

Farhan Bokhari

Dow looks ahead to sunny report season

AMERICAS

US stocks moved broadly higher in early trading on Wall Street, as investors looked forward to the forthcoming earnings season, writes John Labate in New The Dow Jones Industrial

Average was 77.70 stronger by early afternoon at 10,163.01. The broader Standard & Poor's 500 index was even higher in percentage terms, up 12.16 or 0.9 per cent at 1,339.04.

For a second day Walt Disney, up \$1 to \$33%, was among the big gainers in the Dow, moving shead after the company said it would reorganise its publishing business. Coca-Cola was up \$24 at \$61 after analysis at Morgan Stanley Dean Witter reiterated its rating of "outperform."

However, weighing on the blue-chip index were Bosing, off \$4 at \$344, and Sears Roebuck, down \$1% at \$44%. General Electric was down \$% to \$118% after it reported earnings in line with expec-

Internet shares were mostly higher, with Yahoo! down \$1 % at \$207 as investors continued to take profits after the company issued its earnings results late yesterday. Spyglass rose 29 per and software sectors helped push the Nasdaq composite index 17.97 higher at 2,562.40.

Software stocks, recently battered, made a strong C374.55 and Toronto-Dominrebound. Oracle was up \$1% ion C\$1.45 at C\$79.95. Canaor more than 8 per cent at dian imperial put on 80 cents \$234 and PeopleSoft climbed at C\$40.

\$% to \$13%. Computer producers were mixed, with Dell Computer down \$% at \$4518. Health-linked stocks fell steeply after Humana, the

healthcare provider, warned on its forthcoming earnings, sending its shares down 32 per cent at \$11. Wellpoint Health Network was off 9.4 per cent or \$71 to \$684 and Healthsouth lost \$4 to \$94.

Small-company shares gained ground, sending the Russell 2000 index up less than one point to 398.13. TORONTO opened higher, helped by selective buying in

a handful of internet stocks. The 300 composite index had moved 48.67 or 0.7 per cent shead to 6,825.40 at midses-Less-than-glamorous sap-

phire mining stock American Gem Corp captured the imagination of investors when it said it would start selling precious stones and jawellery over the internet. The company had risen a hefty 51 cents to 98 cents by There was also sustained

buying in internet auctioneer Bid.Com International, which gained C\$4,20 to C\$31 Among the blue chips to

post gains, entertainment and beverage giant Seagram rose C28 to C296 in morning trading. The company said cent or \$4 to \$17% after on Wednesday that it had announcing an \$11m acquisi- sold some of its US assets to SFr15.326. tion. Strength in the internet Networks Inc for an undisclosed sum. Banks racked up some

strong gains. Royal Bank of Canada added C\$1.55 at

Optimism in São Paulo fuels rise for Bovespa

EAO PAULO continued to timent in morning trading, rise as investors grew more was offset by hopes that the optimistic about the eco- latest batch of inflation fignomic outlook. The Bovespe ures, due later in the day, index was up 140 or 1.2 per would confirm the recent cent to 11,670 in early trad- slow-down in inflation. ing, a 9.1 per cent increase

SANTIAGO rose steadily early on as domestic inves-MEXICO CITY recouped tors stepped up buying amid earlier losses, with the IPC optimism about lower interindex posting a 8.67 or 0.1 est rates and talks of eco-

The European Central interest rates kept shares in Athens General day. After a session of fairly narrow trading the Xetra Dax ended 40.51 better at Motors were active, with DaimlerChrysler adding partly making up for recent underperformance, jumping

Dax caught in waiting game

L'Oreal posted solid gains, market, adding €27.90 at boosted by higher-than-€527.90. Ving shed €5.20 at expected sales figures for the €486.50 and Karstadt, strong first quarter of the year. Shares in the company rose The FTSE Eurotop 300 Index €38.50 or 6.3 per cent to €661. rose 0.37 or 0.03 per cent to 1,254.57. See Euro Prices page. the steepest advance in the

STMicroelectronics, up €4.90 or 5.1 per cent to €102, rose for the second day running, following overnight gains on Wall Street and hopes of another high-tech rally in the US. Broadcaster TF1 gained

68.50 or 5 per cent to €179, following the company's decision to repurchase up to 10 per cent of its shares. LVMH closed €4.40 higher to 6232 despite news that its per share offer for Gucci

been rejected by the Italfashion house, which said it was nevertheless open to further talks with the luxury goods group. Trading in Amsterdam, SFr83 to SFr2,490. Brokers Gucci closed €1,35 lower at said the upturn was aided by 671.75. investors switching out of Bank Bank shares tumbled after

Warburg cut its rating Société Générale, Paribas and BNP, saying the outcome of BNP's bid for its two rivals would not be known until June. BNP lost €3.90 to €72.60, while SocGen shed fore surged SFr18.75 to €4.90 to €102 and Paribas fell €2.95 to €99.55.

of 35 per cent.

PARIS remained confined to a narrow range as investors paused ahead of the AEX index lost 4.86 at AMSTERDAM ended lower meeting of the ECB board. 537.87. The blue-chip CAC-40 index Royal

Royal Dutch was a week market, falling €1.25 to 647.90 in 9.6m shares traded, on worries about disruption

Jo'burg suffers profit-taking

An early decline on Wall 1.2 per cent higher to 123.04 0.8 at 8,408.4.

SOUTH AFRICA

Shares in Johannesburg rates as a signal for profitagain traded narrowly, clos-ing with another round of shed 1.2 per cent to 9,061.7. per cent gain to 5,129.80 at nomic recovery. modest losses on the allmidsession. The IPSA index was 1.47 or share index, which ended off at 7,403.8 and golds also soft-S at 8,403.4. ened, losing 0.8 per cent at Financials met with soil- 2,870.2.

cuts in bank prime lending

Foreign forces drive up Tokyo

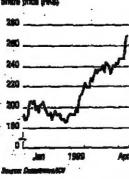
ASIA PACIFIC

Pushed higher by Wall Street's strong overnight close and foreign demand for technology shares, TOKYO closed at its highest level for more than 12 months, writes Paul Abrahams.

The Nikkei 225 Average closed up 292 or 1.8 per cent at 16,846 after trading between 16,866 and 16,483. The more representative weighted Nikkei 300 gained 1.4 per cent or 3.63 to 289.92, while the Topix index of all first-section shares added 1.5 per cent or 20 at 1,345. Momentum was positive, with 882 stocks gaining and 351 falling.

Overseas buying drove up technology stocks. Softbank, the internet group, hit an all-time high, up Y2,000 or 12.3 per cent at Y18,210. Yeshitami, the drugs group whose president is giving presentations in Europe next

mobile telecoms group, after touching a best-of-ses-gained Y300,000, ending at sion 11,889.34. Turnover was Y6,370,000. NTT Data HK\$8.8bn. climbed Y47,000 to close at The Hang Seng index has



cent. Nippon Steel was the most heavily traded stock, up Y2 at Y287. Kobe Steel gained Y5 to Y107, Kawasaki Steel Y13 to Y230 and NKK

In Osaka, the OSE index closed up 281 at 18,056. HONG KONG hit another 12-month high, but ended well short of the best of the The telecoms sector was also in demand, up 34 per cent. NTT DoCoMo, the mobile telecome

Y950,000, up 5.2 per cant.

Steel stocks continued cent in two days; again the highs as buying gave way to cents at A\$27.38. Resource their recent rise, up 3.3 per main driving force was profit-taking in late training.

the benchmark and gained HK6 at HK\$269. Hongkong ing substantial gains. Telecom added 25 cents at HK316.25.

dull volumes after the resig- lowing the adoption of a nation of two coalition ministers renewed political concern. Among leading stocks, Telco shed Rp5.20 at Bank remained in the spot-Rp149.50 and Hindustan light as the most active Lever Rp33.25 at Rp2,199. stock, adding Bt0.50 to Bt66. Lever Rp33.25 at Rp2,199. The BSE Sensex index ended 48.42 or 1.4 per cent lower at 3,538.38. The number of

TAIPEI hit a four-month high, propelled by sustained added 26.6 at 8.058.2. buying in the heavily weighted electronics sector. The weighted index settled 137.52 or 1.9 per cent higher at 7,273.41 despite a late bout of profit-taking.

The technology sub-index rose 3.4 per cent, while turnover for the market as a whole swelled to T\$131.51bn. nearly double Wednesday's figure. Support from foreign funds lifted high-tech stock Acer Inc T\$0.20 to T\$48.50 while Tatung Co added T\$1.30 to T\$40.80. BANGKOK closed 1.6 per cent higher but off earlier

heavyweight HSBC, which The SET index moved 5.57 accounts for 29.5 per cent of ahead to 365.09, with telecoms and bank ismes post-

That Telephone rose Bt0.80 to Bts.30 and Telecom Asia BOMBAY moved lower in added Bt3.75 to Bt26.25 folmedia reform bill by the lower house of parliament on Wednesday. Bangkok

SYDNEY pushed up to another record high in the wake of tentative hopes for shares traded slipped to an interest rate cut and a 45.7m from 51.2m on further strong performance further strong performance by media giant News Corp. The All Ordinaries index

employment figure than expected sparked hopes of an official rate cut, but most brokers were not sold on the News Corp rose 75 cents or

5.5 per cent to A\$14.27,

helped by an upgrade to

strong buy at Morgan Stan-

ley Dean Witter. Elsewhere, One.Tel jumped 70 cents or 7.2 per cent to A\$10.40 on news that it had been granted a GSM mobile phone licence. Most banks gained ground, with Commonwealth adding 49

ĽORÉAL

1998 Net profit up 12.1% Dividend up 15.6%

At its meeting of 7 April 1999, chaired by Mr. Lindsey OWSH-JOHES and held in the presence of the Statutory Auditors, the Soard of Directors of L'ORÉAL reviewed the Group's consolidated accounts and those of its parent company, L'ORÉAL S.A., for the 1898.

financial year.	FF billions	Euroe billions	% charge 1966/1967
Sales	75.42	11.49	%1,6+
Operating profit	9,49	1.46	+9.1%
Adjusted operating profit*	9.56	1.46	+13.5%
Profit on ordinary activities before taxation and employee profit sharing	6,78	1.34	+13,1%
Net profit before capital gains and losses, after minority interests	4.71	0.72	+12.1%
Earnings per share (FF and euro)	FF 68.72	euros 10.63	+12.1%
Cash flow	7,3	1.1	+8,3%
Shareholders' equity	32.4	4.9	+7.6%
Debt to equity ratio** (per%)	13%	•	-2.85%

The estimated results published in February were confirmed and remained in line with forecasts. Profit on ordinary activities before taxation and employee profit sharing rose 15.1% to FF 8.78 billion (euro1.34 billion), thus marking the fourteenth consecutive year of double-digit growth. Despite a 15.4% increase in the Group's corporate tax charge, consolidated net profit before capital gains and leases and after minority interests increased by 12.1% to reach FF 4.71 billion (euro 0.72 billion).

Consolidated cosmetics sales climbed to FF 61,54 billion

(euros 9.38 billion), up by 9.6% on 1997, or by 11.9% excluding exchange rate fluctuations. Like-for-like growth stood at 10.6%, the best performance on record since 1990. In Western Europe, sales graw by 11.8%, or 12.1% excluding exchange rate fluctuations. Exceptional levels of sales growth were reported in Spain (+17%), the United Kingdom (+20%).

the Netherlands (+22%) and Finland (+24%). Sales in North America grew by 12.7%, or 12.3% excluding exchange rate fluctuations. In this region, L'OREAL holds front-running positions in heir colourants and make-up segments. In the United States, the acquisition of Soft Sheen, a leader in athnic haircare, will enable the Group to

in the rest of the world, efforts to step up global expansion went ahead, unaffected by economic fluctuations. Business volumes increased significantly in Mexico (+28%), Hungary (+33%), China (+63%) and Turkey (+133%), as well as in India (+124%) where the Group is currently establishing a market presence. Expanditure on research and development rose 12.6%.

develop a position within a new, highly promising market.

The decision to focus on core businesses requiring high levels of technological specialisation involves a consistent policy of rapidly expanding R&D endeavours in these areas. The Group's production centres pursued ongoing refocusing afforts while keeping pace with the strong development in hist colourant and make-up ranges. During the year, the Group also increased production capacity by extending its Polish facility and completing construction of a new industrial plant in Chins.

In 1996, Galderma's sales increased to FF 2 billion (over In 1995, Gasdema's sales increased to FF 2 billion (over euros 300 million)", up by 24.9%, or 25.3% excluding exchange rate fluctuations, Leading dematchogy products such as Differin gel, Rozex and Metrogel continued to gain ground on high-potential markets, Globalisation was algrificantly boosted by new product launches, notably in Asia and Latin America. Galderma also strengthened its presence in Scandinavia and South Korea.

(euro 1.91 billion), up by 6.8%, or by 8% excluding exchange rate fluctuations. In spring 1998, Synthélabo signed an agreement with Searle which will enable it to consolidate 100% of Lorex in 2002. At end-1998, L'OREAL and Eff announced their intention to merge their two pharmaceuticals subsidiaries into a new company, Sanoh-Synthélabo, which would become the leading pharmaceuticals group in France and the shith-largest in Europe.

At the Annuel General Meeting, the Board of Directors will propose a net dwidend of FF 18.50 (approx. euros 2.82) plus tax credit of FF 9.25 (approx. euro 1.41). This compares with a net dividend of FF 16 paid in 1998, on the same (67,808,216). The dividend will be psychia as of 15 June 1999.

www.loreal-finance.com